

The complaint

Mr B complains that Bank of Scotland plc trading as Halifax wrongly added information about him to CIFAS, the national fraud database.

What happened

Mr B says he opened an account with Halifax. He was then told it would be closed but that Halifax hadn't added any CIFAS marker. He provided it with information to show that there was information at CIFAS and was unhappy it wouldn't remove it. He believes that this has affected other applications for financial products at different businesses.

Halifax said that it had misinformed Mr B about the information at CIFAS. But that it wouldn't be removing any marker. It had believed that he had been the victim of impersonation. And it said that this reporting provided an added level of protection for Mr B. It said it had an obligation to load markers where there had been impersonation. And that this meant that there is a strong safeguard in place and that other financial businesses can increase their checks.

Our investigator recommended that Halifax remove the information at CIFAS. He explained to Mr B why Halifax had thought that his application had been made by someone else. There was a discrepancy with his employment details and there were other discrepancies with his details. Halifax was entitled to close his account under its terms and conditions if it believed that there had been fraudulent activity.

In these circumstances two markers are added at CIFAS. One is a protective marker which highlights to other lenders that Mr B had been the victim of identity theft and gives his genuine details. And the other one that would flag the fraudulent details used in a particular application. This helped any other financial business to check a future application had been from the genuine customer. Neither would be a reason in itself for Mr B to have future applications declined as he believed had been the case.

Halifax had now told our investigator that the information had been removed. He didn't recommend that it do anything more or that Mr B should be compensated.

Mr B didn't agree and wanted his complaint to be reviewed. He didn't think that there'd been a basis to add the information. And this wasn't only about the marker but the time he'd spent on this. He said that this had destroyed his life over the last eight months. He wanted to be compensated for this.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see that our investigator set out in detail for Mr B the reasons why Halifax had grounds to think that his application wasn't genuine. I consider that it has shown why it decided to close his account and add the information at CIFAS. I appreciate that Mr B has since shown

it was a genuine application but I'm looking at what Halifax did at that time. I can't see it acted outside its process.

Unfortunately, Halifax then wrongly told Mr B that it hadn't added any information or markers at CIFAS. That wasn't correct, and it apologised for this. It maintained though that the markers would be kept in place.

That wasn't logical. The reason the information was recorded at CIFAS was because of the impersonation of Mr B it believed had taken place. But he hadn't been impersonated and so the grounds for the marker remaining fell away. I understand that it has since removed the information. Although there may have been a period before that showed on records about him.

I appreciate that Mr B has provided evidence he's been turned down for other accounts by third parties. But I'm satisfied that the information recorded by Halifax wouldn't correctly have caused him detriment as it was to show he had been the victim of fraud. It might have been expected to result in greater checks of any application. And if he is unhappy that another financial business had misinterpreted the information when considering an application then that would need to be a complaint against that business.

We don't tend to make awards for the time spent in pursuing a complaint or only for complaint handling as it isn't a separate regulated activity. Halifax apologised for the misinformation, and I don't think Halifax need do more than remove the information and markers at CIFAS relating to this application being one involving impersonation fraud as it says it has now done.

My final decision

My decision is that I uphold this complaint and I require Bank of Scotland plc trading as Halifax to remove the information it has reported about this application at CIFAS as it says it has now done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 May 2023.

Michael Crewe
Ombudsman