

The complaint

Mr A complains that Nationwide Building Society recorded a marker against him on a fraud prevention database in connection with a mortgage application.

What happened

In June 2023, through a broker, Mr A applied to Nationwide for a mortgage. Nationwide declined his application. It also recorded a marker for application fraud against Mr A's name with Cifas, a fraud prevention database.

Mr A contacted Nationwide soon afterwards and asked it to remove the marker. He said he was employed by a limited company of which he used to be a director, but he had resigned as a director some years ago. He said he hadn't realised he also needed to change his shareholder status. He had since done that and was no longer a shareholder in his employer, and was a salaried employee as he had said in his mortgage application. He said he hadn't deliberately withheld information or misrepresented anything, and so Nationwide should take the marker off.

Nationwide wasn't prepared to remove the marker. It said Mr A had provided false employment details, whether he knew about his shareholding status or not.

Mr A asked Cifas to remove the marker. It reviewed his case and concluded that Nationwide had recorded the marker correctly. Mr A complained to Nationwide, but it wouldn't change its mind, so he referred his complaint to the Financial Ombudsman Service.

Our Investigator didn't think Nationwide had applied the marker unfairly, and she didn't recommend that it be removed now.

Mr A didn't accept that conclusion and asked for an Ombudsman's review. He considered that he had proved his case and so the marker should fairly be removed, and said it was preventing him from getting a mortgage elsewhere.

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.

Cifas members should only record markers on the Cifas database where they have clear and rigorous evidence of fraud, such that they could confidently report the matter to the police. They aren't required to make such a report, but that's the necessary standard of evidence – and is the standard I've kept in mind in considering whether Nationwide acted fairly here.

I've carefully considered all the information and comments both Mr A and Nationwide have provided in making my decision, including the various payslips Mr A has provided from both his employers, his bank statements, information from HMRC, and publicly available information about the company he told Nationwide he was employed by.

Mr A had resigned as a director of that company in 2017, but he says he didn't realise he hadn't also transferred his shareholding to the new director. He has since done that. He says he made a mistake with his shareholder status which he has now put right, and it's unfair that a marker for fraud should be recorded against him for a simple oversight.

Mr A has also provided payslips and HMRC information to support the annual salary of £120,000 he declared on his mortgage application, alongside payslips showing income from another company paying him an hourly wage for the same period.

Nationwide's records say that alongside Mr A's application and supporting documents, it considered publicly available information about the company he said he worked for, including Mr A's shareholder status at that time as well as what the company reported about its accounts and having a single employee. It wasn't just concerned about the discrepancy with the shareholding; it was also concerned that the income he appeared to be receiving wasn't consistent with his declared employment or with publicly available company records.

Nationwide concluded that Mr A had provided false employment details and recorded the marker on that basis. I note that publicly available information now shows the company in question had no employees on average for the year ending 30 September 2023 and is subject to an application for voluntary strike off.

In all the circumstances, I don't think Nationwide has done anything wrong. I think it had reasonable grounds to record the marker it did about Mr A on the fraud prevention database, and I don't require it to remove the marker now.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 March 2024.

Janet Millington
Ombudsman