

## **The complaint**

Miss M's complaint is against Coventry Building Society (CBS). Miss M says CBS registered a fraud marker against her as a result of false information provided to it during the course of a mortgage application. Miss M says that she had no knowledge of any mortgage application made to CBS, and that the documentation in support of that mortgage application had been falsified, and that this had been done by a mortgage broker.

To resolve the complaint, Miss M wants CBS to remove the fraud marker against her name.

## **What happened**

An application for a mortgage was submitted by a broker I will call FC on 19 April 2023. Supporting documents were provided, included a tax calculation dated 20 March 2023. After CBS ran checks on this, it wasn't able to validate the stated income of £71,050.

As a result, CBS declined the application and registered a fraud marker against Miss M on the National Hunter database.

Miss M complained to CBS, which didn't uphold the complaint. Miss M escalated her complaint to the Financial Ombudsman Service. An investigator looked at what had happened, but didn't think the complaint should be upheld.

Miss M asked for an Ombudsman to review the complaint. Miss M says she was naïve in relying on a previous broker, BGM, and says she is a victim of fraud. Miss M said she had never seen the mortgage application form sent to CBS. She says: *"I was unaware it was being completed and I was never asked about the details that have been inputted nor have I signed the application. I believe this shows that the brokers involved in this matter were completing applications without my knowledge or my input..."*

## **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.

In relation to this current complaint, it's worth setting out the historic background to this application being submitted to CBS. Miss M provided a Statement of Truth to CBS in which she provided details of all these matters so CBS is aware of the issues relating to other parties involved in these matters.

Miss M's position is that the mortgage application in April 2023 to CBS was submitted without her knowledge or consent, and that she was unaware of the information contained in the application and supporting documents. Miss M says that all documentation provided to CBS had been forwarded to FC by her previous broker, BGM, and she'd never seen any of it.

For context, in March 2023 BGM had submitted a mortgage application for Miss M to a bank. The bank discovered that the accountant's certificate provided by a firm called HB on behalf

of Miss M contained false information stating that her income was £71,050. The mortgage application was declined and a fraud marker was entered against Miss M on the National Hunter database. When this came to light, Miss M claimed that she'd never heard of HB, that HB had never been her accountant and that she knew nothing about the information provided by HB to the bank.

Miss M then instructed FC to act for her. During the course of FC taking instructions, Miss M confirmed to FC – twice – that her accountants were HB (the same firm Miss M said she'd never heard of in relation to the mortgage application to the bank made on her behalf by BGM – and which had been declined because HB had falsely stated Miss M's income was £71,050).

I also noted that on 18 April 2023 a fact-find was compiled during the course of a discussion between Miss M and FC where FC recorded that Miss M's income was £71,050. It was on this basis that the letter of recommendation for the CBS mortgage was written and the application progressed to CBS.

At the time of the application, FC wasn't aware Miss M had made a previous application to a bank. When asked about this, Miss M explained she'd decided not to go ahead with that application because the interest rate wasn't competitive.

The CBS application proceeded to the point of a valuation being carried out. After CBS declined the mortgage application, Miss M raised her complaints against the bank, FC, and CBS.

The bank didn't uphold the complaint. It said that if Miss M was, as she claimed, a victim of fraud perpetrated by BGM, she would need to report this to the Financial Conduct Authority (FCA). If she did this and provided evidence of this, the bank would reconsider its position.

Miss M's complaint against FC was that she hadn't provided FC with any documents or information about her financial position; instead BGM had forwarded all information on to FC, and in turn FC had provided this to CBS without her knowledge. FC didn't uphold the complaint, saying that documentation had been provided by Miss M about her financial circumstances.

I have today issued final decisions on those complaints.

In my final decision on the FC complaint issued today, I've given my opinion on whether or not Miss M had any knowledge of the documentation and/or information used for the mortgage application. The outcome of that complaint is not relevant to the outcome of this complaint. What I have to decide is whether CBS has acted fairly and reasonably in registering a fraud marker against Miss M.

I'm satisfied that CBS accepted the application in good faith. As part of its underwriting process, CBS was entitled to make enquiries about the information provided to it. Having done so, CBS concluded that the information about Miss M's income didn't stand up to scrutiny, as a result of which it declined the application and registered the fraud marker.

CBS was under no obligation to contact Miss M directly to discuss the matter. This was an application submitted via an intermediary and in those circumstances the lender will have no direct contact with the borrower. This is particularly so if, as in this case, the lender has a reasonable suspicion that false information has been provided.

There was also no requirement for CBS to warn Miss M that it was intending to register a fraud marker against Miss M. That would defeat the purpose of a fraud database.

I'm satisfied CBS was entitled to register the fraud marker against Miss M, and so there is no basis on which it is fair or reasonable for me to order CBS to remove it.

I'm aware Miss M's position is that she's a victim of fraud and that BGM is responsible for the situation she is now in. That would be a matter for Miss M to report either to the FCA or the police. It isn't something for which I can hold CBS responsible.

The organisations that keep the registers of fraud markers – National Hunter, CIFAS, etc. – are not members of the Financial Ombudsman Service. So whilst I've noted that Miss M wants us to arrange for the fraud markers to be removed, this isn't something that falls within the scope of the Financial Ombudsman Service. Individuals who have had entries against them that they consider to be incorrect can challenge this with National Hunter or CIFAS, but need to go through the complaints process with the business that registered the entry. This final decision is the last stage of our process in the complaint against CBS. If Miss M still believes the entry registered against her by CBS is unjustified, she will need to raise this direct with the agencies concerned, who will follow their own internal processes to determine whether or not the entries should be removed.

### **My final decision**

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 17 December 2024.

Jan O'Leary  
**Ombudsman**