

The complaint

Mr M complains that Sainsbury's Bank Plc unfairly recorded negative information (including a Cifas marker) against his name.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here.

In May / June 2018 Mr M applied for a loan from Sainsbury's Bank. Sainsbury's asked Mr M for some further information when considering his application. The loan application was ultimately declined and in June 2018 Sainsbury's Bank loaded a Cifas marker against Mr M's name. This detailed that it was a 'false application' and that various incorrect details had been provided.

Mr M says that in June 2018 he moved outside the UK and that he returned in late 2021 / early 2022. He says he had trouble opening new accounts (which he assumed at the time was due to the impact of having moved away on his credit file). But he says one bank later told him he had a Cifas marker against his name. Mr M then made enquiries with Cifas and when he discovered it was Sainsbury's Bank who had loaded the marker, he complained to them in January 2024.

Sainsbury's Bank didn't uphold the complaint and the matter was referred to our service. One of our Investigators didn't think Sainsbury's Bank had done anything wrong in loading the marker (based on the information available to them). But he did recommend that the marker should be removed. Whilst the complaint was ongoing, the marker itself was removed in June 2024 (after the usual six year retention period).

Mr M still feels Sainsbury's Bank hadn't treated him fairly (even after learning the marker had by then fallen away) and the complaint was passed to me for a decision. In August 2024 I issued a provisional decision in which I said:

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

Having done so, I've reached a slightly different outcome to that of our Investigator. So, I'm issuing this provisional decision to give both sides a further opportunity to comment before my decision is finalised.

Mr M says that in 2018 he was employed by a company I'll refer to as 'D'. He says in June 2018 he transferred to a part of D based outside the UK. He says because of the way D is structured, this meant he ceased working for D in the UK and soon after started working for D outside the UK which is a separate entity. He says this move came with a fairly significant increase in pay. He has provided tax returns, some payslips and other documents which support this being the case.

When Mr M applied for the loan, he put down his 'new' salary and said that he worked for D (without providing detail around the move above). As a part of their checks, Sainsbury's Bank called D (in the UK, they weren't at that time aware of Mr M's pending move). The call notes record that D said Mr M didn't work for them. Sainsbury's Bank also called 'T' who were Mr M's bank. Again, the call notes record that Sainsbury's Bank were told that the account was no longer receiving credits from D, and when it had, they weren't at the level disclosed on the application.

To report matters to Cifas, Sainsbury's should have reasonable grounds to think that fraud or financial crime had been committed or attempted and the evidence should be clear and rigorous. Given the information they'd received from both D and T, I don't think Sainsbury's Bank acted unfairly when placing the marker. I appreciate Mr M thinks Sainsbury's Bank ought to have given him a chance to explain at the time. And I can understand why he says that. But in 2018, there was no requirement for them to do so. I don't think it was unreasonable for Sainsbury's Bank to rely on what D and T had told them. I don't think Mr M acted with dishonesty at the time, and this does seem to have been an unfortunate misunderstanding. But I can't say Sainsbury's Bank are at fault and that they should therefore be responsible for the consequences and impact of the Cifas marker.

However, in January 2024 Mr M complained to Sainsbury's Bank. At this point he provided an explanation and some further documents to support his position. Sainsbury's Bank reviewed this and maintained their position regarding the Cifas marker. It also appears that there was some delay in acknowledging Mr M's complaint.

Essentially, our Investigator was able to obtain sufficient evidence from Mr M to support his testimony that he had moved to D's office outside the UK, and that he'd had a pay rise which correlated to his earnings as he declared them at the time of application. In short, I think Sainsbury's Bank ought to have been able to have done the same when Mr M raised this with them in late January 2024.

I think it's reasonable to expect Sainsbury's Bank to have asked for appropriate evidence from Mr M, and if he was able to provide it to our service, I've no reason to think he couldn't have provided it to Sainsbury's Bank at the time. But I also have to keep in mind that this process wouldn't have been instantaneous and it's also fair that Sainsbury's Bank would have needed some time to review things. But I do think that by mid-March 2024 (around six weeks after first raising this), that Sainsbury's Bank ought to have reached a decision that the marker should be removed. It's then reasonably common for Cifas to take up to four weeks for this to be processed and actioned. This puts the time at which the marker ought to have been removed as mid-April 2024. The marker itself was removed on 5 June 2024. Based on this, but for Sainsbury's Banks error, the marker would have been removed around six weeks earlier than it was.

So, I've gone on to think about the impact of this (and the overall service provided by Sainsbury's Bank) on Mr M. In relation to the marker itself my comments here are specific to the approximately six week time period that I think Sainsbury's Bank are responsible for. I'm not persuaded there is any financial loss to Mr M, he hasn't evidenced or said that he had to take lending at a higher rate due to the Cifas marker. But I do agree that he would have experienced a degree of avoidable inconvenience and frustration. And whilst what has happened can't now be changed, I think a compensation award of £200 is a fair way to put things right. I think this fairly reflects the impact of the inconvenience and worry during that time period.

My provisional decision

For the reasons outlined above, but subject to any further information I receive from either

Mr M or Sainsbury's Bank, I'm intending to uphold this complaint.

I intend to direct Sainsbury's Bank Plc to pay Mr M £200 compensation."

Mr M responded to say he accepted the decision and didn't have anything further to add. Sainsbury's Bank responded and said they didn't entirely agree with everything I'd said, but to bring matters to a close they were happy to pay the £200.

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.

As neither party had any further comments or evidence for my consideration, I see no reason to deviate from the outcome explained in my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint.

Unless it has already done so, Sainsbury's Bank Plc must pay Mr M £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 October 2024.

Richard Annandale
Ombudsman