

The complaint

Ms B complains that Skipton Building Society unfairly uploaded a marker about her to the National Hunter database.

What happened

In October 2023 Ms B and her partner applied for a joint mortgage with Skipton. Skipton declined their application because it says it found inconsistencies between Ms B's declared income and the evidence supporting it. And Skipton uploaded markers to the National Hunter fraud prevention database about both Ms B and her partner.

Ms B's legal representative complained to Skipton via this Service about the uploaded marker. In its final response letter dated 25 July 2024, Skipton upheld Ms B's complaint. It said it should only have uploaded a marker to the National Hunter database in a way that wasn't viewable to other prospective lenders. But it said the marker shouldn't have led other prospective lenders to decline any applications she made at that time – it should only prompt them to carry out further checks.

Skipton confirmed that, as a result of its investigation into her complaint, it downgraded its marker to one not viewable by other prospective lenders. And it offered to pay her £250 in compensation for any inconvenience caused.

Ms B's representative informed us she didn't accept Skipton's offer as Ms B had experienced wider impact – the cost of the representative, survey costs, a mortgage broker fee and the loss of opportunity to buy a property. The representative also said he thought all markers on the National Hunter data base would be viewable by prospective lenders. Ms B's representative explained there was a £2,400 cost to Ms B for engaging the services of the representative. That was one third of the representative's total fee, as the representative was also engaged in relation to markers uploaded by two other lenders. The representative said he expected us to order Skipton to pay his fee and he submitted evidence of a broker fee and a survey fee paid by Ms B that Ms B also wanted to be compensated for.

In his view of the 5 September 2024, our investigator said he was satisfied that the downgraded marker would not be visible to other prospective lenders – only Skipton. Our investigator didn't conclude Skipton's marker prevented Ms B from purchasing the property because the representative had also said two other prospective lenders had uploaded markers about her to fraud prevention databases. He also didn't think Skipton should refund the costs incurred by Ms B making an application for a mortgage, or the costs of engaging legal representation. He explained legal representation wasn't necessary when bringing a complaint to this Service. So, we do not award costs incurred by a consumer for engaging a representative to bring a complaint to us.

Ms B's representative didn't accept our investigator's view. He asked that an ombudsman considers his request for payment of his fee. So, Ms B's complaint has been passed to me to decide.

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.

From Ms B's representative's most recent correspondence, it appears that the only matter to be decided is whether Skipton should pay Ms B £2,400 to cover one third of the fee charged by the representative for bringing her complaint to us. However, in the interests of completeness, I've also thought about whether Skipton's offer, more generally, is a fair resolution to Ms B's complaint.

Skipton's offer

As part of Skipton's offer it downgraded the marker it put on the National Hunter database to one known as a 'suspect' marker. Ms B's representative has expressed some concern about the visibility of that marker. The National Hunter database allows markers to be added on a number of levels. A 'suspect' marker means a lender (in this case) can create a marker based on a suspicion but does so for its own use. So, at the 'suspect' level, the marker isn't viewable by other potential lenders (or anyone else apart from the subject of the marker).

From the evidence provided by Skipton, I've seen that the marker was originally uploaded on a higher level and that would have been viewable by other prospective lenders at that time. Skipton has acknowledged that was an error, but it has said it found discrepancies in the evidence provided by Ms B about her declared income.

I'm persuaded by the evidence and explanation provided by Skipton that the evidence Ms B provided did not support the income she claimed on her joint application form. And I think it's also reasonable to conclude that, if affordability for a mortgage based on the property in question relied on the un-evidenced income of Ms B, it's more likely than not that her and her partner would not have been able to successfully complete a purchase on that property in any event. Mortgage applications with other prospective lenders failed. But I think it's more likely than not that Ms B's verifiable income did not support those applications.

As the two separate applications we've been made aware of ended in the uploading of markers to fraud prevention databases, I think those applications failed on their own merits rather than as a result of Skipton's reporting. I say that because I don't think it's likely lenders would upload markers simply because another lender had already done so. A lender would be expected to report such a suspicion only based on its own dealings with a prospective borrower.

We've not been made aware of applications by Ms B (with or without her partner), during the time in question, that have failed for other – potentially more affordable – properties. So, I don't conclude that Ms B has been adversely affected by Skipton's uploading of a 'higher level' marker.

Ms B's representative has asked that the costs Ms B incurred in relation to mortgage broker fees and survey fees be paid by Skipton. The costs of a survey booked by a lender can sometimes be avoided if the application doesn't get through underwriting. But it appears from the evidence submitted by Ms B's representative that the survey was carried out independently of Skipton. So, Skipton wouldn't have had any control over when in the process the survey was carried out.

While it's unfortunate that Ms B incurred the fees she has, Skipton was free to decline her mortgage application. And, like our investigator, I think, from the evidence available, Skipton considered the application fairly. Irrespective of whether Skipton incorrectly uploaded a

marker about Ms B to the National Hunter database, it's reasonable that her application failed if income it relied upon could not be verified. So, I don't think Skipton caused Ms B to incur the fees she paid to her broker and surveyor.

I appreciate the marker Ms B became aware of would have caused her some distress and inconvenience and that it, as Skipton has acknowledged, shouldn't have been visible to other prospective lenders. But I think Skipton's offer of £250 to compensate her for that is fair under the circumstances and is in line with our guidance on this type of award.

The fees charged by Ms B's representative

Ms B's representative has asked us to consider directing Skipton to pay Ms B £2,400 to cover one third of his fees.

The rules under which we operate – the Financial Conduct Authority's dispute resolution rules (known as DISP) – state the following in relation to such costs:

DISP 3.7.9

A costs award may:

- 1. be such amount as the Ombudsman considers to be fair, to cover some or all of the costs which were reasonably incurred by the complainant in respect of the complaint; and*
- 2. include interest on that amount at a rate and as from a date specified in the award.*

DISP 3.7.10

In most cases complainants should not need to have professional advisers to bring complaints to the Financial Ombudsman Service, so awards of costs are unlikely to be common.

Due to the above rules, we usually wouldn't direct a respondent business to pay the cost in question here. But I have considered the circumstances of this complaint to decide whether I think they are exceptional.

Ms B hadn't made a separate complaint to Skipton about the marker in her name before her representative referred the matter to our Service. I wouldn't expect Ms B to have known we'd treat her and her partner's complaints separately. But her partner had complained to Skipton and Skipton sent him a final response letter informing him of his right to refer the complaint to this Service. Her partner says he didn't receive Skipton's original final response letter to his complaint, so didn't know he could refer the matter to this Service. But the copy of it I've seen was addressed correctly and I've no reason to believe that it wasn't sent – aside from Ms H's partner's testimony that he didn't receive it. So, I don't think Skipton was the cause of him not receiving referral rights to this service or them not knowing they could do so.

I understand that Ms B and her partner may not have known what to do, having not received Skipton's final response letter. But it was their choice to engage a legal representative. I think the existence of our Service would have been evident to them from minimal research. So, I don't think they incurred their representative's fee because they had no other options.

As our investigator explained, our Service is free, and it's designed to be easily accessible. I've seen no suggestion that Ms B or her partner was unable to access it because they were

restricted by health or were incapacitated in some way. So, I wouldn't conclude that they needed the help of a representative – be that a professional or other.

As I don't think Skipton was the cause of Ms B's partner not receiving referral rights and I don't think they needed to engage the services of a professional representative in any event, I don't think Skipton should pay her to cover the associated cost.

Putting things right

Skipton Building Society should pay Ms B the £250 it has offered to resolve her complaint if it hasn't done so already. It's my understanding that it downgraded the marker in question to one not visible by other prospective lenders in July 2024. But if it hasn't done that, it should do so without delay.

My final decision

My final decision is Skipton Building Society should take the action it offered – as outlined in the "putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 19 February 2025.

Gavin Cook
Ombudsman