

The complaint

Miss A and Mr M have complained because The National Farmers' Union Mutual Insurance Society Limited ("NFU") placed a fraud marker on the Credit Industry Fraud Avoidance System ("CIFAS") and the Insurance Fraud Register without telling them.

What happened

Miss A and Mr M held home insurance with NFU. In March 2021 they made a claim on the policy. During the claim NFU discovered that Mr M had failed to disclose their full claims history when the policy was arranged. NFU considered this to be deliberate. On 20 May 2021 NFU wrote to Mr M confirming that it had avoided the policy (cancelled it from the start) and had declined the claim. Of relevance to this complaint, the letter also said:

- NFU may share the details of the matter with various organisations, databases and fraud prevention agencies (including CIFAS); and
- details will be exchanged with other insurers and fraud prevention agencies.

NFU later placed the marker on CIFAS and the Insurance Fraud Register.

Miss A and Mr M complained to us about NFU's decision to avoid the policy. In August 2022 another ombudsman issued a final decision on the complaint. In summary, he decided that NFU had acted fairly.

Following the decision NFU sought recovery of approximately £35,000 from Miss A and Mr M for previous claims it had paid under the policy. Mr M offered to repay £17,500 which was accepted by NFU.

In 2024 Miss A and Mr M found out about the fraud marker. They complained to NFU because they'd never been told the marker would be (or had been) placed against them. NFU was satisfied the marker was correctly placed and it felt its letter in May 2021 provided Miss A and Mr M with sufficient notice of its intended action.

In its submission to us NFU said the markers indicate suspected or confirmed fraud and are shared across organisations including banks, insurers, lenders and other financial institutions. It further said:

- it has a zero-tolerance policy towards insurance fraud
- so although Mr M only repaid £17,500 there were still consequences to him not truthfully answering the questions about previous claims when the policy was purchased
- and it was within its rights to add Mr M to CIFAS and the Insurance Fraud Register due to the deliberate misrepresentation.

Our investigator didn't think the complaint should be upheld. In summary, he felt NFU hadn't acted outside of the policy terms and conditions by placing the markers on CIFAS and the Insurance Fraud Register. And he was satisfied NFU had done enough to tell Mr M about what action it would be taking. Miss A and Mr M didn't agree with our investigator's conclusion. Mr M made various points about why the marker should be removed.

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.

Miss A and Mr M's two main arguments are that NFU's letter in May 2021 only said that NFU *may* (as opposed to *would*) share the details with various organisations; and NFU didn't tell them once it had shared the details with CIFAS and the Insurance Fraud Register.

Deliberate misrepresentation is a type of insurance fraud. This is because it's seen as an attempt by a consumer to deliberately mislead an insurer as to the level of risk posed in order to obtain insurance at a cheaper price. NFU classed Mr M's misrepresentation as deliberate. And my colleague decided that NFU had acted fairly. Accordingly, I think it was fair for NFU to have treated the matter as insurance fraud and to have placed the markers on CIFAS and the Insurance Fraud Register.

In response to our investigator and at various points throughout the complaint Mr M has referred to NFU accepting £17,500 rather than the full amount it had pursued him for. He said this meant NFU accepted it also made mistakes in respect of his claims history at the time the policy was sold which in turn meant the marker couldn't be placed on his record.

I haven't seen anything that shows or persuades me NFU accepted any blame or responsibility for Mr M not disclosing his full claims history. The ombudsman who decided the previous complaint didn't place any blame on NFU either – on the contrary, he specifically said Mr M knew or didn't care that the answers he gave were untrue or misleading. And he concluded that NFU's actions in avoiding the policy were fair. I don't consider the fact NFU only accepted half of what it was attempting to recover significant. Insurers often make decisions to "cut their losses" when trying to recover their costs to save further time and costs. I think that's what most likely happened here.

Mr M also referred to a Court case and said markers must be removed if they affect children under 18. I couldn't find the case Mr M referred to so I asked him for details but he didn't provide them. I'm not aware of any such rule. In fact, I've seen a petition (which was rejected) that was placed before Parliament in 2021 to stop banks issuing six-year fraud markers against children under 18. The fact there was such a petition suggests to me that fraud markers can be placed on children under 18 – if they couldn't there wouldn't have been any need for the petition. And if markers can be placed on children under 18 the markers will clearly affect them. So, irrespective of the Court judgement(s), I remain of the view that NFU acted fairly on this occasion in placing the markers on CIFAS and the Insurance Fraud Register.

Turning now to what NFU told Miss A and Mr M, it is true that the letter in May 2021 did at one point say that NFU 'may' share details of the fraud with other organisations, agencies etc. However, it also then went on to confirm – sufficiently clearly and explicitly in my opinion – that Mr M's details 'will' be exchanged with fraud prevention agencies. I'm therefore satisfied that NFU's letter sufficiently informed Mr M that it would record the misrepresentation with fraud protection agencies such as CIFAS and the Insurance Fraud Register.

In any event, the policy terms and conditions say:

"To prevent and detect fraud WE may at any time check, share and/or file details with other organisations, fraud prevention agencies, databases and public bodies including the police."

If WE are given false or inaccurate information and WE identify or suspect fraud, WE will record this". (my underlining)

This in my view makes it clear that NFU will (as opposed to may) record the matter if it is given false or inaccurate information and if it identifies or suspects fraud. Given the way the clause is written, I think it's fair to conclude that "record this" refers to recording the matter with other organisations, fraud prevention agencies etc. So, irrespective of any argument about the clarity of NFU's letter, the policy terms and conditions clearly explained to Miss A and Mr M what would happen.

Given the information in the letter and the clause contained in the policy I don't think there was a further requirement for NFU to inform Mr M once it had actually placed the markers on the registers.

Summary

For the reasons outlined above I conclude that:

- NFU acted fairly when it added the marker to CIFAS and the Insurance Fraud Register
- NFU sufficiently informed Mr M that it would record the deliberate misrepresentation with fraud protection agencies such as CIFAS and the Insurance Fraud Register
- it wasn't necessary for NFU to specifically tell Mr M once the markers had been placed on CIFAS and the Insurance Fraud register.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr M to accept or reject my decision before 8 May 2025.

Paul Daniel

Ombudsman