

## **The complaint**

Mr C complains that Moneybarn No.1 Limited loaded a CIFAS fraud marker against his name.

## **What happened**

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

Moneybarn supplied Mr C with a used vehicle on a conditional sale agreement in January 2023. The cash price of the vehicle was around £21,000. The agreement required payments of around £520 for 59 months. Mr C paid a deposit of around £500. The total amount payable was £31,167.61.

No payments were made towards the agreement and Moneybarn terminated the agreement due to arrears in May 2023. Information about the arrears were reported to the credit reference agencies.

The vehicle was located at a third-party garage and Moneybarn recovered their asset in July 2023. It had to pay the third-party for repairs so that it could be released. Moneybarn paid £8,300 so that it could recover the vehicle.

Moneybarn sold the car for £15,500 which left an outstanding balance of £23,506.61. It asked Mr C to set up an affordable repayment arrangement. In October 2024 Mr C complained about the balance of the account after he returned the vehicle and Moneybarn issued its final response in December 2024.

In January 2025 Mr C complained again to Moneybarn. He said he'd found out that Moneybarn had reported a CIFAS fraud marker. He said the fraud marker had denied him access to a bank account, which was affecting his ability to get a job.

Moneybarn reviewed the complaint and agreed that it had incorrectly recorded the marker. It offered Mr C £200 and said it would remove it. It issued a final response on this basis in March 2025.

Mr C referred his complaint about the CIFAS marker to the Financial Ombudsman. He said that the offer of £200 wasn't sufficient as he'd been impacted for around seven months. He said his mental health had been affected and he'd been getting support for that.

An investigator here considered the complaint. In May 2025 Moneybarn made a new offer to reduce the balance of the account to £13,300. She said that Moneybarn had agreed it had reported the marker in error and had agreed to remove it. She thought that reducing the balance on the agreement was a fair way to resolve the complaint as it was money fairly owed, and the offer was likely more than we could award.

Mr C disagreed; he said that he would accept the compensation if it was paid directly to him. The complaint has been passed to me to make a decision.

## **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.

Moneybarn accept that the marker was applied incorrectly. It said it would remove the marker and offered £200 in compensation. After Mr C referred his complaint to the Financial Ombudsman Moneybarn changed its offer. It said it removed the marker in March 2025 and offered to reduce the outstanding balance on the account to £13,300. That's a reduction of £10,206.61. Mr C didn't agree because he thinks that he's due a more generous award, paid in cash directly to him.

Moneybarn loaded a CIFAS marker, neither party have provided a lot of detail about that as it's been agreed it would be removed. But it seems likely this was a marker for evasion of payment. This type of marker can be applied when a customer takes out credit for goods with the intention not to pay back the credit, which could be deemed as a fraudulent application. I think that Moneybarn had valid concerns about Mr C's lack of repayment under the agreement.

I can understand why Moneybarn might have considered that Mr C was deliberately evading his liability under the agreement. No payments were received, the vehicle wasn't taxed or insured, and Moneybarn had to settle a substantial third-party garage bill for repairs so that it could recover its asset.

It's not in dispute that Moneybarn has now reviewed what happened and, given that Mr C has accepted liability for the debt, but hasn't paid due to financial difficulties, it considers that it should remove the marker. I also don't think that it's in dispute that the balance of the agreement, is money that Mr C is required to repay to Moneybarn. Mr C told our service that he accepted he needed to repay the debt. So, what's left to decide is if Moneybarn's offer is fair.

The balance owed was a significant amount. Moneybarn told Mr C that the outstanding balance was £23,505.61. In this decision I'm not looking at how Moneybarn treated Mr C while in financial difficulties, how it defaulted and terminated the agreement, or how it arrived at the outstanding balance of £23,505.61. I note that Mr C made another complaint in October 2024 about that, which he didn't refer to this service. Moneybarn issued its final response for that complaint in December 2024. I make no finding on the merits of that complaint or whether we can consider it.

Based on the agreement the total amount repayable was £31,167.61. As a starting point Moneybarn told Mr C the remaining balance was £23,505.61. But the most recent offer reduced this to £13,300, effectively removing all of the interest charged. I can see that Moneybarn have based the remaining balance simply on the cash price of the vehicle, less the deposit and the sale value, but has passed on its costs and losses. Moneybarn has said it is willing to discuss an affordable repayment arrangement with Mr C.

Mr C has explained that the CIFAS marker has had an impact on his mental health. I'm sorry to hear about what's happened. But I need to point out that I'm unable to award for long term health issues as a consequential loss. These are known as claims for loss of amenity. If Mr C considers there is a wider claim in relation to his health here, then before accepting any decision by me he might wish to take appropriate legal advice as to how my award (and his acceptance of it) might impact any other claims he might be considering bringing against Moneybarn.

Mr C has said that he's been unable to work as a result of the marker. I've not seen any evidence that Mr C was already employed and asked to resign or had his employment terminated as a result of the marker. I've also not seen any evidence that he had a job offer which was subsequently withdrawn due to the marker. There is therefore the possibility that his lack of employment could have been due to issues not associated with the marker being applied by Moneybarn.

Mr C has also explained the impact of having his applications for bank account declined. He's said that his benefits needed to be paid into a family member's account. He's provided evidence that his applications were rejected, but not specifically why. Ideally, I'd like to have seen something which shows that his applications would more likely be successful had it not been for the marker. This is important as it's clear that other information about his lack of repayments to the agreement would have also been reported to the credit reference agencies, and I think this is also likely to have affected any applications he made.

CIFAS issues guidance to its members regarding the way in which they ought to use the information held within its database. This places expectations on the business relying on the information held to ensure it is accurate and relevant. It does not recommend that its members rely solely on the information held when carrying out reviews. Taking this into consideration, I can't hold Moneybarn wholly responsible for any actions taken by other businesses where they've relied on the fraud marker to adapt, withdraw or reject any applications from Mr C.

However, I do accept that Moneybarn's decision to load the fraud marker will have impacted his ability to manage his finances, and it did likely affect any applications that he made. I've also no doubt that a fraud marker would have been upsetting and caused him distress and inconvenience. So, I think it is fair that Mr C is awarded an amount to reflect the distress and inconvenience he's experienced.

Deciding compensation is not an exact science. The difficulty here is that I haven't seen enough to say that the impact on Mr C means that I should increase the award from the amount that Moneybarn offered. It's already a significant amount. Thinking about the information on our website for awards of compensation for distress and inconvenience, that sort of award would fall into our highest category, for the most extreme impact that we see, and covers situations where someone has experienced sustained distress sometimes over an extended period.

I can also understand why Mr C would like compensation paid directly to him. However, given that he's not made any payments towards the agreement, I don't think that would be appropriate in this case. Taking a step back and considering the overall circumstances, I think that by reducing his liability under the agreement Moneybarn have fairly compensated him for the impact of its mistake.

I'm not going to ask Moneybarn to do more here. But I'm issuing a final decision to give Mr C the protection of a legally binding decision should he chose to accept it. I must be clear that Mr C doesn't have to accept my decision if he thinks he can get a more generous outcome. Then he'll be free to pursue the matter through the courts, after getting necessary legal advice.

I understand that Moneybarn has asked Mr C to discuss an affordable repayment arrangement. I'm not able to direct him to do anything. But, I'd encourage him to seek independent debt advice and discuss this further with Moneybarn, as it might decide to take further steps to recover the debt. I'd remind Moneybarn to treat him with forbearance and due consideration if he's in financial difficulties.

### **My final decision**

My final decision is that I uphold this complaint and direct Moneybarn No.1 Limited to do the following to the extent that it hasn't done so already:

- Remove the fraud marker
- Reduce the outstanding liability for the agreement to £13,300

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 November 2025.

Caroline Kirby  
**Ombudsman**