

The complaint

Ms K complains that Nationwide Building Society unfairly loaded an adverse fraud marker against her name.

What happened

As the circumstances of this complaint are well-known to both parties, I will summarise them briefly below.

Ms K held an account with Nationwide. In February 2024, Nationwide received a report from a third-party bank that Ms K's account was the recipient of fraudulently obtained funds in November 2023.

Nationwide placed blocks on Ms K's account and asked her to account for the payments received. Ms K provided Nationwide with evidence that she received the funds for a work visa application, but Nationwide deemed this to be insufficient proof of entitlement to the funds. It therefore closed her account and loaded an adverse fraud marker against her on the Cifas database.

Ms K, unhappy with this response, complained. Nationwide investigated its actions, but didn't agree that it acted unfairly in loading the marker or closing the account. It did however agree it had offered poor customer service, so it offered £150 by way of apology.

Ms K remained unhappy, so she refused the offer and referred the matter to our service for an independent review. An Investigator considered the complaint and concluded that Nationwide hadn't acted fairly. They recommended that Nationwide remove the marker, reimburse Ms K several consequential losses and pay £750 in compensation for the distress and inconvenience caused.

Ms K agreed, but Nationwide did not. It argued that while it did agree to remove the marker once Ms K had complained to our service as a goodwill gesture, this wasn't an admission of error. It maintained that the marker was added correctly at the time and therefore it didn't deem the settlement, recommended by the Investigator, as fair.

As Nationwide disagreed with the Investigator's assessment and recommendations, the matter was passed to me for a decision to be made.

On 14 May 2025 I issued my provisional findings to both parties, as I intended on reaching a different outcome to that of the Investigator. Those findings were as follows:

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

Was the recording of the Cifas marker fair?

One of the relevant considerations here is set out by Cifas: the fraud marker database controller. In its Handbook—which members must adhere to when loading markers—it sets out the burden of proof the member must meet. The relevant standards regarding this

complaint are:

1. That there are reasonable grounds to believe that a fraud or financial crime has been committed or attempted.
2. That the evidence must be clear, relevant and rigorous.

My interpretation of these standards is that a member cannot simply load a marker against an individual based on mere suspicion. It must be able to meet a higher bar; in that a customer was likely a witting participant in the alleged conduct. This has been reinforced by Cifas' Money Mule Guidance, which it released to its members in March 2020.

Considering the above, I'm not satisfied that Nationwide has sufficiently demonstrated that the relevant standards had been met when loading the marker.

I must first acknowledge that Nationwide did initially receive a credible report from a third-party bank that Ms K had been the recipient of the proceeds of crime. Nationwide did act on this information as it ought to have. It blocked Ms K's account and asked her to account for those credits.

However, Ms K did engage with Nationwide and provided evidence in support of the legitimate receipt of the funds. This included evidence of the business she acted on behalf of, the relevant permissions to process the application paid for and evidence of the individual case she'd been paid to process.

In Nationwide's assessment of this evidence, it picked up on disparities and inconsistencies within the evidence provided. However, I don't agree with these observations. My own research has revealed that the information provided is legitimate and credible. This has been supported by further information Ms K has obtained since referring matters to our service, whereby the applicant that had arranged the payment suggests that the payee may have been acting maliciously.

The information Ms K provided to Nationwide ought to have alerted it to the possibility of a malicious allegation, or that she'd been used as the unwitting beneficiary of fraudulent funds. And it did have the option of supplying this information to the third-party bank to explore matters further. I don't however find that it was fair to dismiss the evidence and load an adverse fraud marker against Ms K, as the information provided sufficiently challenged the concerns raised by the third-party bank.

Delays and poor customer service

Nationwide has already admitted that it could have provided a better service to Ms K when requesting proof of entitlement and her subsequent claims. I therefore don't intend on providing a further assessment of this complaint point. But in summary:

- Ms K was provided a number of mixed messages from Nationwide and its representatives, and was asked to repeatedly send in evidence she'd already sent.
- Ms K was subjected to considerable and avoidable delays when asked for proof of entitlement to funds within her account.

Putting things right

Ms K has told our service of numerous issues she faced following the application of the fraud marker. Our Investigator has concluded that most of these issues were foreseeable to Nationwide and has recommended substantial consequential loss awards.

While I agree that the marker undoubtedly contributed to some of the issues Ms K faced, I'm not persuaded Nationwide ought reasonably to be held liable for them wholly or, in some instances, even partially.

Loss of earnings

Ms K has told our service that she seeks compensation for loss of earnings after she took the decision to step down from her role in September 2024. However, I can't agree that this is something Nationwide can reasonably be held liable for.

Ms K took the decision to resign from her role. I understand that her decision was driven by the anticipation of her employer discovering the marker following an annual declaration. But it doesn't automatically follow that had Ms K taken the decision not to resign, that she would have been dismissed from that role. There is an equal chance her employer would have supported her had it known the circumstances and the fact that Ms K was contesting the marker through the relevant channels.

It is therefore difficult to say that there is a causal link between the fraud marker loaded and Ms K's loss of employment.

For the above reasons, I don't find it fair to direct Nationwide to compensate Ms K for any loss of earnings.

Impact on financial accounts

Ms K has provided evidence to our service of multiple financial accounts that were impacted following the application of the fraud marker. This includes:

- A declined mortgage application
- Difficulty obtaining an alternative mortgage – including the need for a bridging loan
- Higher interest rates on credit facilities
- Third-party account closures and restrictions – leading to bill payments being delayed

Cifas also 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 replying upon 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, and what is fair and reasonable, I cannot hold Nationwide wholly responsible for any actions taken by third-party businesses where they've relied upon a fraud marker to adapt, withdraw or reject any of their services.

I cannot know for sure what influenced the decisions of each third-party business to carry out the actions they did, as I am not assessing the actions of those businesses. But it is for them to justify their actions and not Nationwide.

However, I do accept that Nationwide's decision to load the fraud marker likely prompted reviews of Ms K's accounts and impacted the risk-assessments carried out. It therefore follows that Ms K should be awarded a distress and inconvenience payment to reflect that. But I won't be asking Nationwide to redress Ms K to the extent the Investigator has recommended – such as reimbursing Ms K the difference of any bridging loans or interest payments.

Holiday cancellation fees

Nationwide has already accepted responsibility for the loss caused to Ms K when she could no longer go on a long-anticipated holiday with her family, due to her legitimate funds being withheld for a considerable period.

Ms K has argued that Nationwide hasn't fully reimbursed her the fees associated with that cancellation. And having considered the evidence provided, I agree with Ms K.

Statements provided to this service support Ms K's assertion that Nationwide had underpaid the reimbursement by £96.80. It should therefore now reimburse Ms K this amount if it hasn't already done so.

Distress and inconvenience

It has been clearly demonstrated from the testimony and evidence provided by Ms K that the impact of the multiple errors made by Nationwide have been severe.

Ms K has disclosed several personal issues she faced at the time. I don't intend on repeating them all here but appreciate Ms K's openness in sharing her circumstances.

It is clear to me that these difficulties, both emotional and financial, were exacerbated by the errors caused. And even though Ms K was clearly complying with Nationwide's investigation—supplying supporting evidence and fulfilling its requests—she was faced with avoidable delays, uncertainty and mixed messages from Nationwide, over a lengthy period.

These avoidable delays and uncertainty caused Ms K to cancel a long-anticipated holiday that she was looking forward to with her family, causing serious emotional distress. It no doubt also would have caused Ms K embarrassment when having to disclose this to her family. She was also inconvenienced in having to deal with the administration of the cancellation.

As I have already touched upon above, it wouldn't be fair to hold Nationwide liable for all the actions taken by third-party financial businesses, as those businesses have obligations and a duty of care too. But what is clear is that Nationwide's erroneous decision to load Ms K to the Cifas database had a knock-on effect that caused many of these reviews and risk-assessments to be carried out.

Ms K has also suffered embarrassment in her professional life, having to disclose the adverse fraud marker to her line management where she was employed. And while Ms K's decision to resign from her role was her own, I find it likely that her decision was at least influenced by the marker that had been placed against her.

Considering the above collectively, I'm satisfied that the impact of the marker and errors caused by Nationwide is significant. And therefore falls within the guidelines of our £300-£750 bracket. Due to the severity of the impact caused, I find that the maximum within this bracket is warranted. I therefore intend to direct Nationwide to pay Ms K £750 in compensation for the distress and inconvenience caused."

Both parties were provided until 28 May 2025 to respond with any further points they'd like me to consider before issuing my final decision.

Nationwide responded. It told me that it had already removed the fraud marker placed against Ms K's name. It also confirmed it had reimbursed Ms K the remaining £96.80 from her holiday cancellation fees. It did not comment on the remaining findings made.

Ms K also responded. She argued that Nationwide still ought to be liable for her loss of

earnings, as her employment was clearly impacted because of the marker. She also disagreed with me regarding Nationwide's liability when thinking about how her financial accounts were impacted. She emphasised the rejection of her mortgage application, which caused serious detriment.

As both parties have now responded to my provisional decision, I'm able to issue my final 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.

I'm pleased to see that Nationwide has now removed the marker held against Ms K's name and reimbursed her the remaining loss resulting from her holiday cancellation. And as both parties haven't provided any further comment on the distress and inconvenience payment I have proposed in my provisional assessment, I don't intend to depart from the findings I've already set out.

I will however provide further comment on some of the arguments Ms K has made in relation to the consequential losses she has suffered.

Loss of earnings

Ms K has reiterated that due to the nature of her employment, her employer advised her to resign or face termination upon disclosure of the Cifas marker recorded against her name. Again, I have seen no evidence that would support that.

I have looked at Ms K's resignation letter and this does not refer to the adverse marker as a reason for her stepping back from her role. Nor have I seen any evidence that she was advised to resign—or have her employment terminated—following the discovery of the marker. There is therefore a possibility that this could have been due to issues not associated with the marker placed by Nationwide.

Ms K has also provided a reference number relating to a complaint that was considered by an Ombudsman at our service. She says that this upheld a claim where the complainant had been terminated from their employment due to the application of a Cifas marker.

I have considered this submission, but it hasn't changed my mind. I am only able to consider the circumstances and merits of this complaint, and have noted from the decision Ms K's provided that there are distinct differences—such as the termination of employment in that case specifically relating to the failure to disclose such a marker. The fact remains here that there is no such linkage between Ms K's resignation and the Cifas marker loaded.

I therefore remain of the opinion that it would be unreasonable to award loss of earning in this case.

Consequential losses from the rejection of a mortgage application

I've taken onboard Ms K's submissions regarding the causal link between the fraud marker placed and the rejection of her mortgage application. And I can see this rejection had a significant impact on her, in that she had to apply for several bridging loans to prevent the repossession of her property at significant cost in interest payments.

As a result of Ms K's submissions, I did instruct the Investigator in this case to reach out to

both the lender and broker to look into the matter further. But the information received from both hasn't persuaded me to change my position.

Both lender and broker were limited as to what information they could provide: due to information retention periods. But neither could say with any certainty that Ms K's application would have been successful had it not been for the marker placed.

Due to the complexities of such an application, I would need to be persuaded—on balance—that Ms K's application likely would have been successful, had it not been for the marker, to fairly award her the significant losses she has since suffered in higher interest rates. But in this case, there are too many variables to say that would have been the case.

There is no evidence that Ms K had passed standard checks with the lender, such as affordability, that meant the fraud marker was the sole barrier in her application being successful. It would therefore be unreasonable for me to say Nationwide ought to compensate her for such losses.

Putting things right

As Nationwide has now confirmed that the Cifas marker has been removed, and the remaining holiday cancellation fees reimbursed, I don't need to direct it to do anything more in this regard.

It should however now compensate Ms K for the significant distress and inconvenience caused by the incorrect loading of the marker.

My final decision

For the reasons I have set out above, I uphold this complaint and direct Nationwide Building Society to pay Ms K £750 to account for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 30 July 2025.

Stephen Westlake
Ombudsman