

The complaint

Mr J complains about the actions of National Westminster Bank Public Limited (NatWest) following a Cifas marker being applied to his name.

What happened

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

In 2021 Mr J was applying for a mortgage with a lender I'll refer to here as 'E'. During the application process a Cifas marker was then added to Mr J's file. His mortgage application was then declined, and he had to take out another mortgage at a much higher rate of interest.

Mr J then made a complaint to NatWest about the Cifas marker and the way it handled this matter. NatWest considered the complaint and initially said it didn't do anything wrong. So, the complaint was brought to the Financial Ombudsman.

NatWest then confirmed to this service that it had made a mistake here. It offered Mr J £500 in recognition of the distress and inconvenience it had caused.

Our Investigator said the complaint should be upheld. She said that NatWest had provided incorrect information to E which led to a Cifas marker. NatWest now accepted that it did make a mistake, but the Investigator didn't think she could ask NatWest to cover the difference in the higher mortgage interest rate that Mr J was now paying. Our Investigator felt that Mr J had been inconvenienced by the Cifas marker and his accounts being closed by NatWest. Although, she couldn't comment on the closure of Mr J's business accounts as she said they were a separate legal entity, she noted that the closure of those accounts did have an impact on Mr J personally.

As a result, she felt NatWest should pay £1,350 in total which was broken down as £850 for the issues with the Cifas marker and £500 for the account closures.

Mr J disagreed and asked for an Ombudsman's review. In summary he said NatWest incorrectly added the marker against his name which meant him having to pay a higher interest rate on his mortgage and locked him out of getting any other better deals. He said NatWest failed to rectify its mistake in a timely manner which allowed the Cifas marker to be held against him for months. He said NatWest's error has caused him legal fees, costs to access his credit file, time dealing with this complaint, that he was potentially racially profiled by NatWest and loss of income due to stress. He added that NatWest had previously said it wasn't to blame for the marker and has shown a breach of trust. As a result, Mr J didn't think the £1,350 was sufficient in this instance. He said the figure should be between £7,000 - £10,000.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I know Mr J feels strongly about this complaint and this will come as a disappointment to him, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

It's now accepted by both sides that NatWest made an error here. So, I'm not going to discuss in any further detail the error that NatWest made beyond what the Investigator has already shared. The outstanding part of this complaint is the compensatory award to Mr J based upon the distress and inconvenience NatWest's error has caused him.

I've firstly considered the issue with Mr J's mortgage with E, which was turned down and led to Mr J having to take out another mortgage for a higher interest rate. I've considered the evidence we've been provided with by E. I'm afraid I can't share this information with Mr J. Having looked at this, I'm not satisfied that the Cifas marker was the sole reason for the mortgage not proceeding. I appreciate what Mr J was told at the time and the evidence he has provided. But I don't think I can reasonably ask NatWest to pay the difference in the mortgage rates (or any of the costs Mr J lost when the application was declined) on the grounds of NatWest's mistake in relation to the Cifas marker.

So, I now need to consider the other points Mr J has mentioned in relation to the effect this Cifas marker and the account closure has had on him personally.

When a business gets things wrong, we often tell them to pay compensation, to recognise their error and the impact it had. In terms of the amounts, it's worth bearing in mind that we're not the regulator – we're here to resolve complaints informally, and not to issue fines or to punish businesses. And while I appreciate where Mr J is coming from, we don't award compensation based on his hourly rates. While Mr J can charge his customers his professional rates, NatWest were not his customer, and he wasn't providing a professional service to them – this was a personal matter of his. But perhaps more importantly, if we based compensation on a person's professional rate, it could suggest that one person's free time is worth more than another person's free time. And it might not reflect the real impact of the error on the complainant.

We don't normally award the costs of professional representation and advice in establishing and/or pursuing a complaint, as consumers have the right to come to us free of charge and unrepresented if they have a dispute with a bank. I'm satisfied it was Mr J's decision to seek legal advice during this complaint, when I can't see that seeking that advice was the only option available to him to try and resolve this issue at the time. I'm therefore not going to award any costs for this.

I can see that NatWest's error in relation to the Cifas marker and the account closure did cause Mr J distress and inconvenience. I've noted that he has spent time trying to resolve this issue which led to issues with him not being able to work due to sick leave. But I'm not satisfied I can fairly ask NatWest to cover the difference in the mortgage rates and the costs involved in that application falling through, neither can I pay Mr J a compensatory rate the same as he charges his customers. I note he had asked for reimbursement for the credit checking subscriptions, but I'm satisfied that the cost of those have been considered in the latest offer of £1,350 from NatWest.

I've considered the account closures Mr J has mentioned and the various disruption he had to deal with as a result. I can see that it would have been frustrating and stressful to deal with having his accounts closed – including trying to pay off his credit card. And I note Mr J said he didn't attempt to open accounts elsewhere at the time because of the Cifas marker. I've considered Mr J's comments about the inconvenience he experienced such as how he had to draw extra money as dividends from his business account to pay personal expenses and not being able to apply for other financial products.

I note that there were three missed payments on Mr J's credit card from October to December 2022 according to the evidence he has provided. Mr J says he attempted to make a payment on the phone and was given the wrong account number. Although NatWest did make a mistake with the account number that was one occasion, and no payments were made for at least three months. So, I don't think I can say that NatWest were solely responsible for Mr J missing three payments. There are other ways to make payments on a credit card than just by phone (such as going into a branch). And when his accounts were closed in September 2022 there was at least £5,507 left in one account.

It's difficult to put a figure on how much distress and inconvenience Mr J suffered here. But I think the £500 in total for the account closure reasonably considers the points he had made. And I don't think I can reasonably ask NatWest to increase its offer to the level that Mr J expects.

Mr J has said that the mistake in relation to the Cifas marker and the consequences of having such a marker was potentially discriminatory and as a result of him being racially profiled. It's a serious allegation and I've considered it with the care such an allegation deserves. Having done so, I've seen no persuasive evidence on NatWest's part that the events that led to this complaint have anything to do with Mr J's race.

So, taking into account the overall impact NatWest's error had on Mr J, alongside our guidelines for compensation, I find that £1,350 compensation is fair amount to put right what NatWest got wrong here.

My final decision

My final decision is that I uphold this complaint in part. National Westminster Bank Public Limited Company should pay Mr J a total of £1,350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 November 2025.

Mark Dobson
Ombudsman