

## **The complaint**

Mr P complains that Santander UK Plc hasn't done enough to put matters right after recording fraud markers related to a mortgage application. He asks that it offers him a mortgage and/or pays compensation.

## **What happened**

Mr P had a mortgage with another lender. His interest rate product was due to expire in mid-2024. He applied to Santander to remortgage. Santander declined the application.

Mr P discovered later in 2024 that Santander had recorded markers with fraud prevention agencies. Santander said it had been unable to confirm Mr P's income. Mr P says this was due to an error by his employer, which led to a discrepancy between his income as stated in his application and in his HMRC records.

The error was corrected and Santander agreed to remove the fraud markers. However, it didn't agree to offer Mr P a mortgage or remove information from Mr P's credit files that shows it declined a mortgage application. It says this is accurate and it wouldn't have offered Mr P a mortgage even without the issue caused by his employer's error.

Santander said its investigation was subject to internal delays. It also sent information about Mr P to another customer. It offered £200 compensation for this, which it increased to £350 after the complaint came to us.

Mr P says if Santander had told him about the problem confirming his income in June 2024 the matter would have been sorted out sooner and he'd have been able to re-mortgage with a high street lender. Mr P says he had to take out a new product with his existing lender, which doesn't offer competitive rates.

I sent a provisional decision to the parties to explain why I thought Santander's offer of £350 was fair.

Neither party replied. In the circumstances, I see no reason to change my decision and reasons from those set out in my provisional 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.

Santander declined Mr P's mortgage application. Mr P says it didn't give him a reason.

Mr P's broker submitted a mortgage application to another lender. The broker sent a message to Mr P in August 2024. This said the lender declined the application stating an issue with National Hunter and Synectics Solutions (SIRA). The broker said they may not be able to assist Mr P further.

In late August 2024 Mr P contacted Santander to ask it to remove the markers. It declined,

saying the markers were correctly recorded.

Mr P's interest rate product expired at the end of August 2024 and his mortgage went onto his lender's standard variable rate. Mr P took out a new product with his existing lender in mid-September 2024.

Mr P contacted Santander again in October 2024. He'd found out there was a problem with his HMRC records. He told Santander this was due to an error with the information reported by his employer, resulting from a problem with new accounting software.

Santander asked Mr P for information to evidence the error. It took some time for Mr P's employer to arrange for the problem to be corrected and to update Mr P's records with HMRC. Santander asked for further information, such as payslips and Mr P's employment history. In February 2025, after it had received and reviewed the information, Santander agreed to remove the fraud markers.

While it was investigating the matter, Santander sent an email to a third party in error. This identified Mr P and referred to him having a fraud marker against his name. Santander says it caused delays in investigating Mr P's complaint and, therefore, in removing the markers.

*Was it fair for Santander to record the markers?*

We would only consider it fair for a financial business to record information with a fraud prevention agency if it's got enough evidence to satisfy the fraud prevention agency's rules and burden of proof. It must have carried out thorough enough checks to do this. It must keep a record of its evidence.

Typically, this will mean the financial business has found dishonesty in the personal information supplied by the customer or can show the behaviour of the customer amounts to fraud.

Santander says it recorded the fraud markers correctly, based on the information it had at the time. It said it couldn't verify Mr P's income using its usual underwriting checks.

Mr P says if Santander had told him it had concerns about his stated income in June 2024 he'd have been able to put matters right sooner. In some circumstances, it would be fair for Santander to tell an applicant about a problem like this – for instance if it was obvious there had been an error. I don't think that was the case here.

Santander said it didn't know in mid-2024 that there had been an error by Mr P's employer in reporting his income. Having considered the information that Santander had in mid-2024 and the notes of its investigation in late 2024, I don't think Santander could have known this, even if it had investigated further in mid-2024. And I don't think I can fairly find that it ought to have told Mr P about the problem verifying his income.

Broadly, Santander noted there had been significant changes in Mr P's annual income. Mr P received a significant pay increase at about the time the mortgage application was submitted. Credits to Mr P's bank account were not consistent with his payslips. While Mr P said he'd worked for the same employer for more than six years, he'd actually been employed by several different companies. Mr P is listed at Companies House as a person with significant control of a company which he says provides back office functions, including accounting, to these companies.

When it investigated Mr P's complaint in late 2024 Santander asked Mr P about these matters. But in mid-2024, I think it had enough information to have legitimate concerns about

Mr P's application.

I can't fairly find, based on what it knew at the time, that Santander should have told Mr P it had concerns about his stated income. I don't think it was unfair for Santander to record the markers.

*Did Santander act quickly enough to remove the markers when it was told about the error?*

Santander didn't agree to remove the markers when Mr P contacted it in August 2024. It said it was still unable to verify Mr P's income.

Santander agreed to look at this again in October 2024 when Mr P said his employer had made an error when recording his income with HMRC. Santander agreed to remove the markers in February 2025.

Santander asked for evidence to demonstrate it was an error by Mr P's employer that resulted in the fraud markers being recorded. It asked for confirmation from Mr P's employer that the error had been corrected, updated records from HMRC and asked Mr P to provide payslips and other information. In the circumstances, I think it was fair for Santander to ask for this information.

There were some delays in Mr P providing the evidence Santander asked for. Santander accepts it also caused delays which amounted to about a month.

*The data breach*

Santander copied an unrelated third party into an email. This contained Mr P's personal information including his name, email address and that a fraud marker had been recorded against his name.

Santander says the information wouldn't give a third party access so as to cause harm. It offered £200 compensation, which it later increased to £350.

Mr P said Santander sharing information about him and this matter with a third party has been traumatic and very embarrassing and a major breach of GDPR.

*Has Santander done enough to put matters right?*

The problem here resulted from an error by Mr P's employer. For the reasons I've given, I don't think it was unfair for Santander to decline Mr P's mortgage application or for it to record the fraud markers.

The second lender was also unable to verify Mr P's income. It declined the application and recorded fraud markers. It agreed to remove these in October 2024. This lender confirmed to us that its decision to decline the application would have remained, irrespective of the fraud marker applied by Santander.

As I said, I don't think Santander made an error when it didn't tell Mr P it had concerns about his stated income in June 2024. But even if it had told him, this doesn't mean he'd have been offered a mortgage by a high street lender. While Mr P would have been able to ask his employer to correct the error sooner, I don't know if the matter would have been sorted out in time for him to secure a mortgage by September 2024. And any application would be subject to the lender's affordability checks and lending criteria.

It follows that I don't think it's fair and reasonable to require Santander to offer a mortgage to

Mr P or pay compensation for him being unable to remortgage at a more competitive rate.

I don't think any delays by Santander in investigating Mr P's complaint and removing the fraud markers caused him to miss out on remortgaging at a better rate. Mr P took out a new interest rate product in mid-September 2024. I don't think it's reasonable to find that Santander could have completed its investigation and removed the markers before that.

Mr P says he's had sleepless nights due to the marker and Santander has been slow to respond at every stage. As I said, I don't think it was unfair for Santander to record the marker. But Santander was responsible for some delays in it investigating, and therefore removing the markers after the error came to light. I think it's fair that Santander pays compensation for this.

I also think it's fair that Santander pays compensation for the data breach. While there's no evidence this caused financial harm to Mr P, it would have added to his worry and embarrassment.

Taking all of the circumstances into account, I think compensation of £350 is fair and reasonable in the circumstances.

### **My final decision**

My decision is that Santander UK Plc should pay £350 to Mr P, as it offered to do. It can deduct any compensation it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 November 2025.

Ruth Stevenson  
**Ombudsman**