

The complaint

Mr and Mrs P complain that Santander UK plc recorded markers against them on a fraud prevention database after it declined their mortgage application.

What happened

Mr and Mrs P applied for a mortgage with Santander in May 2025. Santander declined their application. It also recorded fraud markers against their names with National Hunter, a fraud prevention database, giving its reason as “staged income”.

In July 2025 Mr and Mrs P made a complaint. They said they had just found out about the fraud markers and they hadn’t acted fraudulently. They explained why their incomes had recently increased, they said the markers were affecting their financial standing and reputation, and they asked for the markers to be removed.

Santander said it didn’t think it had made a mistake and it wouldn’t remove the markers, so Mr and Mrs P referred their complaint to us.

Santander then told us it had reviewed Mr and Mrs P’s case and it had decided to remove the fraud markers. Our Investigator agreed that was the right thing to do, and recommended that Santander also pay Mr and Mrs P £400 compensation.

Santander accepted the Investigator’s recommendation but Mr and Mrs P did not. They thought that they should fairly receive more compensation given the impact the markers had had on them.

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 had concerns about the information Mr and Mrs P provided to support their mortgage application, and in particular about recent changes in their income. It declined their application and it also recorded markers for inconsistencies in the application with National Hunter.

I’ve considered Santander’s records and its reasons for recording the markers. Having done so, I agree with our Investigator that it didn’t have reasonable grounds to make the fraud report. Mr and Mrs P had provided payslips, employment contracts and an employer letter to confirm their situation and their new salaries. I don’t think Santander had grounds to record the fraud markers in the circumstances.

Santander has since confirmed that it has removed the markers, and I think that was fair. The only remaining matter for me to decide is therefore whether Mr and Mrs P should receive compensation in recognition of the impact the wrongly recorded markers had on them and, if so, how much.

Mr and Mrs P have said that they had hoped to buy the property they were renting but they lost that opportunity as a result of the fraud markers, and they have also been caused significant stress and upset. I've thought carefully about everything Mr and Mrs P have told us. But Santander wasn't obliged to lend to them – it was entitled to decide to decline their application. I can't therefore fairly require it to refund any non-refundable fees arising from that application. I also don't think I can reasonably conclude that Mr and Mrs P would have got a mortgage for the amount they wanted had Santander not recorded the fraud markers or had it removed them sooner.

There was simply never any guarantee of a successful application, and I note that Mr and Mrs P's mortgage application to another mortgage lender at around the same time as their Santander application was also declined. The other lender wasn't a member of the fraud prevention database at the relevant time, so Santander's fraud report can't have been the reason for the decline. Lenders should in any event make their own decisions and enquiries about applications; any applications Mr and Mrs P made in the short time the fraud markers were in place shouldn't have been declined automatically just because of the markers.

While I realise £400 is less than Mr and Mrs P were hoping to receive, I think it takes account of the considerable upset and worry they were caused. I'm satisfied that this is a fair award in all the circumstances.

My final decision

My final decision is that Santander UK plc has made a fair offer of compensation. It should pay Mr and Mrs P £400 if they accept my decision. It has already removed the fraud markers, so I don't require it to do any more in that respect.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 16 December 2025.

Janet Millington
Ombudsman