

## **The complaint**

Mr B complains that Spring Financial Group Limited trading as MPowered Mortgages reported him to a fraud prevention database in connection with a mortgage application.

## **What happened**

Mr B applied to MPowered for a mortgage, via a broker. He submitted various documents in support of his application, including three months' worth of bank statements.

MPowered considered the application. It followed its usual underwriting checks. It offered Mr B a mortgage and the mortgage completed.

After completion, MPowered carried out further checks on the application and supporting documents. As part of that, it found evidence which led it to believe that the bank statements Mr B had submitted had been altered. It reported Mr B to CIFAS, a fraud prevention database. It did so under the category "false application", with the reason "altered documents".

MPowered didn't tell Mr B it had reported him to the database. Mr B learned about it later when other applications for credit were declined and he made a subject access request to the database provider.

Mr B complained. He said he had been denied any chance to respond to or challenge MPowered's decision at the time it was made. MPowered had not told him what evidence it relied on. He said he had not acted fraudulently or to mislead, and had acted with honesty and integrity throughout. Putting a marker against his name without telling him, telling him why or giving him the chance to challenge it was procedurally unfair and a breach of natural justice. He said that the marker was causing him and his family real and substantial harm, and it was disproportionate. He wanted MPowered to remove it.

MPowered said it acted fairly and in line with its procedures in making the report. It wouldn't remove it.

Mr B therefore brought his complaint to us. Our investigator didn't think it should be upheld, so Mr B asked for an ombudsman to review it. I agreed with the investigator, but because some of my reasons were different I issued a provisional decision to allow the parties a chance for further comment before I make a final decision.

## **My provisional decision**

I said:

"CIFAS and other fraud prevention databases play an important part in the financial services landscape. They enable firms to share information about potential fraud and other high risk issues, and so help maintain the integrity of the financial system.

However, the consequences of adding a marker can be serious for an individual. For that reason, it's important that a report is only made where justified.

CIFAS's principles for its members say that a report should only be made where there's clear relevant and rigorous evidence, giving rise to reasonable grounds to believe that fraud or financial crime has been committed or attempted.

When it considered Mr B's application, MPowered carried out its usual underwriting checks. These included attempting to verify the evidence and information it was provided with.

Having carried out its checks, MPowered was concerned that the bank statements Mr B had provided may have been altered. That was what it reported to CIFAS, and what CIFAS explained to Mr B in response to his subject access request.

When we took on Mr B's complaint, we explained in our privacy notice that we might need to contact third parties to help us investigate a complaint. I therefore asked Mr B's bank for copies of his bank statements for the relevant time. I then compared them with the copies provided to MPowered as part of the application. I found that several transactions on the statements provided to MPowered were different on those provided to us by the bank – the amounts and dates were the same, but the payee details differed. This meant that expenditure of one type, or to one payee, was presented as being of a different type or to a different payee than it actually was.

I'm therefore satisfied that the bank statements provided to MPowered as part of Mr B's application had been altered to misrepresent some of his expenditure.

In the circumstances, I'm satisfied that it was fair and reasonable for MPowered to conclude that the standard for making a report had been met. There appeared to be clear relevant and rigorous evidence to show that an application for a mortgage relying on false information had been made.

I've also considered Mr B's point that MPowered didn't tell him what it had found, before making the report to the database, so that he could explain or challenge its findings – and that doing so was unfair and unjust.

MPowered explained as part of the application process that it would share information with third parties (including credit reference agencies and fraud prevention databases) where necessary, and Mr B agreed to that when he submitted the application. MPowered did not therefore need his specific consent to make the report, and it did not need to notify him it had done so. If there was insufficient evidence to make a report, for example because information was unclear or ambiguous, I'd expect MPowered to investigate further before making a report, including by contacting Mr B to ask further questions. But that wasn't the case here.

And making a report to the database is not the same as making a finding that Mr B has committed a criminal offence. The purpose of the database is to share information so that other financial firms know that there might need to be extra checks carried out in connection with other applications. The presence of a report should not be a reason for an automatic refusal of future applications; it should be a reason for carrying out more checks – that is CIFAS's guidance to its members.

For all those reasons, I'm not persuaded that MPowered acted unreasonably in sharing information about Mr B's application with the database.

I've also considered what Mr B has said about the potential impact on him of the marker remaining on the database. I do understand what he says about that – his concerns about the possible impact on his employment, his future use of financial

services, and the effects that might have on his family.

But I also have to balance that against the importance of sharing information in protecting the integrity of the financial services industry. The impact of a report can be serious, but it's for that reason that a report should only be made where the evidential standard was met. In this case, I'm satisfied it was fair for MPowered to conclude that it was. And nothing I've seen suggests that it would be reasonable to conclude that the standard is no longer met such that the marker should now be removed. It's part of the database rules that a marker is retained for six years, and I'm not persuaded it would be fair to require MPowered to remove it before then."

Mr B didn't agree with my provisional decision. In summary, he said:

- He did not submit, or authorise to be submitted, any false or altered documents. The evidence otherwise does not withstand scrutiny.
- There were no issues with his ability to manage his finances or his spending habits. He can supply additional bank statements in support of a long history of responsibly managing his finances. He has never been accused of financial impropriety in any other context.
- The alterations in question are illogical and would not bring any benefit. The amounts are the same. Changing the payees would not disguise anything and a rational person seeking to deceive would not do so in this way. There were no changes relevant to income, expenditure or affordability. Therefore there would have been no purpose or gain to altering his bank statements in this way. Nor was there any time pressure – so if there was any transaction Mr B wished to hide, he could simply have waited and applied later, when it was no longer on a current statement.
- It's more likely that the statements became corrupted because of technical reasons. It's well known that problems with conversion to PDF and character reading can lead to anomalies in documents. This is a more plausible explanation than deliberate alteration. But there has been no investigation of whether technical errors are to blame.
- Alternatively, it is possible that a member of Mr B's family altered the statements. Or that they were amended, or errors introduced, while they were being handled by the mortgage broker.
- MPowered failed to notify Mr B of its concerns, either before or after making the report to CIFAS. This is a breach of data protection law, and of CIFAS's rules which require transparency. Mr B was deprived of an opportunity to challenge or clarify the evidence MPowered relied on. This is procedurally unfair.
- The CIFAS marker was applied only after the application completed. By then Mr B had no chance to withdraw or switch to another lender. MPowered therefore abused its commercial position having tied him in. Had MPowered genuinely believed he was attempting to defraud it, it would never have lent.
- The threshold for making a report has not been met. There is no evidence Mr B knowingly provided false information, and multiple plausible alternative explanations. None of the elements of a fraud offence are present and, on the balance of probabilities, there is no basis for concluding that Mr B acted fraudulently.
- In any case, placing a marker which is then retained for six years will have a

devastating impact on Mr B, personally and professionally, and on his family. Applying a marker in this way, without discussion or the opportunity for challenge, is unfair and not in the public interest. Nor is retaining it for six years proportionate.

### **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 said in my provisional decision that MPowered found problems with the bank statements as part of considering Mr B's application. In fact, it found them as part of carrying out standard checks after the mortgage had completed. But I don't think this makes any difference to the outcome. It's reasonable for MPowered to carry out checks when assessing an application, and it's reasonable for it to audit completed applications as part of its standard processes.

In considering this complaint, there are two key questions for me to think about – did MPowered act fairly and reasonably in concluding that the standard was met at the time it made the report to CIFAS; and, if so, is there further evidence now available which means it's no longer reasonable to conclude that the standard is met.

I've thought carefully about what Mr B says. But I'm not persuaded that it was unreasonable for MPowered to have concluded the standard was met.

I don't think the specific changes to the bank statements could plausibly have been caused by PDF creation, character reading or other technical issues. That might have been the case if there were gaps, or if there were garbled or unclear rendering of text. But I think it very unlikely that a technical error would, for example, change one transaction description from a card payment to a gambling website into a contactless payment to a supermarket while not making any changes to any of the surrounding information. And I think it very unlikely that a technical error would edit a series of isolated transactions over a three month period in largely the same way.

I must also bear in mind that MPowered investigated the documents in other ways too, which supported its conclusions. I think it was fair and reasonable for MPowered to have concluded that it was more likely that the statements had been deliberately altered before submission, rather than that they had been altered by a technical problem or error. And that the likelihood was that this had been done by Mr B as the applicant for a mortgage presenting the statements as supporting evidence.

As I said in my provisional decision, CIFAS's principles for its members say that a report should only be made where there's clear relevant and rigorous evidence, giving rise to reasonable grounds to believe that fraud or financial crime has been committed or attempted. This therefore does not require proof to the criminal or civil standard; it requires reasonable suspicion supported by evidence. I'm satisfied it was fair and reasonable for MPowered to have concluded that standard was met.

There is no requirement for MPowered to have told Mr B what it found before making the report. It had made clear in its privacy notice, at the time of his application, that it could share information with third parties including fraud prevention databases. What is required is the carrying out of an investigation to determine whether the standard is met, and MPowered did that. In some cases it may be necessary to contact a customer to ask further questions before it's possible to make a decision about that, but that wasn't the case here.

Whether the requirements of data protection law have been complied with as a matter of law is a question for the Information Commissioner's Office. But I've seen no reason to conclude

that what MPowered reported is inaccurate. It reported that Mr B applied for a mortgage, and that his application included altered bank statements.

I've also considered whether there is new evidence now available which suggests the standard is no longer met and the marker should be removed. But I'm not persuaded of that either. I've already explained why I don't think it's likely the alterations were the result of a technical error. And I'm not persuaded that it's more likely that a member of Mr B's family would have altered the documents without Mr B's knowledge in between him obtaining them from his bank and submitting them with his application, or that his email account or the broker's portal was compromised. It's difficult to see why, even if either of those things happened, these particular transactions would be altered and then the genuine documents replaced by altered ones.

It's not my role to make findings about whether Mr B did or did not actually commit fraud or otherwise act dishonestly. All I am considering is whether or not it's fair and reasonable to conclude that the standard for making a report continues to be met. I've taken full account of what Mr B says. But I'm not persuaded that the alternative explanations he's put forward are so much more likely that it can no longer be said that there are no longer any grounds for reasonable suspicion that it was Mr B himself who made the alterations.

I do understand the impact a report may have on Mr B – both personally and professionally. It's for that reason that reports should only be made where the standard is met. I'm satisfied that it was and is met. And there's a public interest in maintaining the integrity of the financial system, which includes information sharing between firms. If Mr B is concerned about the use other organisations might make of the report in future, that is something he would need to raise with them if and when it happens. But while I understand his worries about that, I'm afraid that's not a reason to require MPowered to remove a marker that is otherwise justified.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 December 2025.

Simon Pugh  
**Ombudsman**