

The complaint

Ms H complains that Freemans Public Limited Company unfairly reported a fraud marker against her name.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here. Ms H opened catalogue shopping accounts under brands operated by Freemans in 2021 and 2024. She was offered credit limits in order to buy goods from those brands.

Ms H ordered various items from Freemans around December 2024. By April 2025 she had received notices explaining that she was in arrears and needed to make payments. The notices included information on how to get support if Ms H was in financial difficulty.

Ms H said she contacted a debt advisor in May 2025 and following its advice she called Freemans to arrange a payment plan. She said she was told the debt had been sold to a third party and they would be in touch.

In June 2025 Ms H was interviewed by her employer as part of its disciplinary process. She was told that Freemans had reported a CIFAS marker which meant she was in breach of her conditions of employment, and her job was at risk.

Ms H complained to Freemans in July 2025. Freemans looked into the complaint but ultimately did not uphold it.

Ms H referred her complaint to the Financial Ombudsman. An investigator here considered the complaint. She thought that Freemans hadn't met the bar to report the marker as it hadn't shown that Ms H had intended to commit fraud by evasion of payment. She thought it more likely that Ms H was in financial difficulties and had chosen to make payment to other creditors as a priority. She also thought that there was evidence that Ms H had returned some items and also entered into a debt management plan before she was aware of the marker. She recommended the marker was removed and that Freemans should pay compensation of £1,500.

Ms H agreed. Freemans did not agree. In summary it said:

- The investigator had highlighted that Ms H assumed the debt would be sold to a debt collector, which explained her lack of contact. It said that this comment proved her intention of evasion of payment as she acknowledged she knew about the account but didn't take any steps to resolve it prior to the CIFAS marker being loaded.
- It said that all of its communications encourage customers in financial difficulties to contact it.
- It had met the standard required which includes no payment and no contact from the consumer.

- Freemans said that documents provided by Ms H when making her complaint further supported that she took out the Freemans agreement knowing that she already had a significant expense looming which she would prioritise over payment for the goods. This was further evidence she was intending not to pay for them.
- Ms H had only informed it of financial difficulties and made payment after the marker was loaded.
- One of its advisors had incorrectly assumed that both accounts were sold and informed Ms H of that which was incorrect.
- Ms H had also incorrectly told her employer that she had paid the debt when that was not the case. This was confirmed in a call with the employer.
- Freemans had not been aware of a significant bill that Ms H was due to pay as it was not visible on her credit record. So, it could not take that into account when it made its decision to lend. However, Ms H was asked if she was aware of any changes to her financial situation and she did not disclose any.

The complaint has been passed to me to make a 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.

When considering what is, in my opinion, fair and reasonable, I take into account relevant law and regulations; regulator's rules including the Consumer Duty, guidance and standards; codes of practice; and what I believe to have been good industry practice at the relevant time.

I've read and considered everything both parties said, but I've summarised the key points here. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Cifas members, such as Freemans, must adhere to the standards set out by Cifas in its National Fraud Database Handbook.

In order for a member to satisfy itself that an adverse loading is warranted in the circumstances, Cifas requires that its members meet certain standards of proof. These include:

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

This means that the member cannot load a marker based on mere suspicion. It must have clear and robust evidence to support that a financial crime has been committed or attempted, and that the person it intends to load the marker against had witting involvement in this act. It does not however need to go as far as proving this beyond all reasonable

doubt.

In considering this complaint my role isn't to prove that Ms H was guilty of a fraud or financial crime. But rather to look at whether Freemans acted fairly and proportionately in reporting the marker. And in the light of the evidence, I've been provided, whether it would be fair and reasonable to remove the marker now.

When considering these standards, I think the bar for recording a Cifas marker is a high one. I must also take into account what is fair and reasonable given the circumstances. Having done so I don't think the marker was recorded fairly here and I'll explain why.

Ms H indicated that she already had a Freemans account, albeit one of its other brands. I've seen information available freely online, that use of the other brand promotes shopping at Freemans. So, I can understand why Ms H would be under the impression that ordering online would simply mean an extension to her existing account. Although I acknowledge she would have had to apply for credit and later she should have been aware there were two separate statements of account. The goods that were ordered, and returned, all appear to be day to day essentials, rather than luxury items. I'm more persuaded this isn't typical of the actions of a fraudster.

I've seen detailed information from Ms H's debt advisor about the total amount of unsecured debt she sought advice on. It's clear that while Ms H appears to have struggled to face up to her debts, she had found the courage to do so when things got to an unmanageable level. It isn't unusual for someone in financial difficulties to be in denial or to avoid dealing with debt. It's clear from what I've seen that things had come to an unmanageable level by April 2025. I'm not persuaded this in itself is indicative of someone who has set out to gain from goods without any intention of paying for them.

On 7 May 2025 Ms H called Freemans to discuss the outstanding balance and asked if it would be willing to set up a payment plan. The advisor told her that the accounts had been sold. Freemans accept that this information was incorrect, and that it did in fact still have an account. Ms H also indicated she would reach out to the debt purchaser to discuss repayment. So, I think this was a missed opportunity for Freemans to offer positive assistance to Ms H. It doesn't seem that she was given any further options to set up repayment even though that was the intention in her call, she was instead directed to the debt purchaser. I think the suggestions that Ms H had committed or attempted to commit fraud in the circumstances is unreasonable. Ms H had returned some items and had contacted Freemans in an attempt to engage with an affordable repayment arrangement. These don't appear to be the actions of someone intending to defraud a business or to deliberately evade payment.

I've seen evidence that Ms H only discovered the marker when she was called into a meeting with her employer in June 2025. There's no notification sent out when the marker is reported, as that would defeat the object of the marker which is designed to prevent fraud. So, I'm not persuaded that the existence of the marker prompted her to take action to address her debts in the way that Freemans are suggesting.

Freemans have suggested that Ms H had also incorrectly told her employer that she had paid the debt when that was not the case. It supplied a copy of a call with her employer. I've listened to this call, and I don't find it supports Freemans' position or demonstrates that Ms H has been inconsistent, I don't think this an accurate representation of the conversation. I say this because Ms H told her employer that she already had an account with a sister brand and had maintained minimum payments on that account. I don't think it's been shown that this statement is inconsistent with the rest of her testimony. Freemans could also have

looked at its existing relationship with Ms H which I think most likely would have confirmed she had previously been managing her account.

I don't find that falling into financial difficulties or poor management of finances reasonably amounts to a fraud or financial crime. I do accept that Ms H was aware of the seriousness of her financial position and could have reached out earlier for support, and Freemans were right to have concerns. But the required burden of proof outlines that members must have reasonable grounds to believe that a fraud or financial crime has been committed and attempted. It must also have robust evidence that supports the consumer's conduct or actions were deliberate and intentionally dishonest such that they could be confidently reported to the police. I don't find that Freemans has been able to demonstrate that here. I also think it had enough information to remove the marker when Ms H offered to make an arrangement to pay in May 2025, or later when it reviewed that conversation as part of its investigation.

Our investigator recommended that the marker should now be removed, and I agree that it would be fair to do so. She also recommended compensation of £1,500 should be paid to Ms H. I've thought very carefully about that, and also considered if there was a financial loss. I understand that Ms H has been through the disciplinary process with her employer which was initially triggered following the reporting of the Cifas marker. Although I think the marker would have been greatly concerning for her employer, I can't be certain that her loss of income was solely caused by the marker. I think it is likely that her employer would have also had concerns about her ability to manage her finances as some of her accounts would be in default. Ms H has supplied a detailed account of the disciplinary process which included dismissal, she's told us that she has appealed, and the process is now waiting on this decision. I'm conscious that Ms H has already been dismissed and may be suffering a loss of income. But I don't know enough about whether she might have been dismissed anyway, and it seems likely, although not definite, she may be able to regain her previous job once the marker is removed. Ms H also accepted our investigator's recommendations, and I'm required to be quick and informal, so I'm not awarding a further sum for financial loss.

But I do think that the impact of the marker has been substantial, and Ms H has experienced significant distress, upset and worry. She's described the situation in detail as being traumatic to her already vulnerable mental health. She's explained the loss of reputation she's experienced, bordering on humiliation. There has also been a serious disruption to daily life over a sustained period, as no doubt the situation would have caused her difficulty managing her finances, with the impact felt over many months. No money can change what happened, but I agree with our investigator's assessment that it had a substantial impact on Ms H, so I think compensation of £1,500 seems fair and reasonable given the individual circumstances of this case.

My final decision

My final decision is that I uphold this complaint and direct Freemans Public Limited Company to remove the Cifas marker and pay Ms H £1,500 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 15 January 2026.

Caroline Kirby
Ombudsman