

The complaint

Mr O complains that Leeds Building Society (LBS) recorded a fraud marker about him with Cifas, a fraud prevention database, in connection with a mortgage application.

What happened

In 2024 Mr O applied through a broker for a mortgage with LBS. LBS made a mortgage offer but then withdrew it. It didn't tell Mr O or his broker why it was no longer prepared to lend to him. It also made a report to Cifas because it said Mr O had provided altered documents to support his mortgage application.

In 2025 Mr O found out about the marker when he had difficulty remortgaging. He checked his records with Cifas and then made a complaint to LBS. He wanted LBS to remove the fraud marker.

Mr O said he had been a victim of fraud – his partner at the time of the mortgage application had had access to his computer, mail and bank accounts while he was working away in 2024. He said that his now ex-partner had spent money from his accounts and applied for credit in his name, and she had altered his bank statements to cover her tracks and sent them to the broker. He said he had asked her to send the statements using his email address from his computer as he was working away, and he hadn't known she was stealing from him at the time. He said he has now reported the matter to the police.

LBS said it couldn't remove the Cifas marker – only Cifas could do that so Mr O needed to make a complaint to Cifas if he thought the marker should be removed. Mr O contacted Cifas but was directed back to LBS, and he then referred his complaint to us.

LBS told us that it had made a mistake in telling Mr O that only Cifas could review the marker and remove it if it had been wrongly applied. It said it would pay Mr O £75 by way of apology. But it said it was right to have made the report to Cifas because it had received falsified documents in connection with his mortgage application, and it didn't think the marker should be removed.

Our Investigator said that it was reasonable for LBS to record the Cifas marker but that it should now remove it, because he was persuaded that Mr O wasn't responsible for altering the bank statements provided in the mortgage application. He also said that LBS should have told Mr O about the marker when it recorded it.

Mr O indicated that he accepted that conclusion but LBS did not accept it, so the complaint was referred to me to decide. I reached a different conclusion to our Investigator, so I issued a provisional decision.

My provisional decision

I said:

“Cifas members should only record markers on the Cifas database where they have clear and rigorous evidence of fraud, such that they could confidently report the matter to the police. They aren’t required to make such a report or to prove that fraud has been committed or attempted, but they must have reasonable suspicion that it has been. That’s the necessary standard of evidence – and is the standard I’ve kept in mind in considering whether LBS acted fairly here.

LBS received bank statements to show that Mr O’s income was as he had set out in his mortgage application. But when it tried to verify those statements it was unable to do so. It was concerned that the statements may have been altered, and that’s what it reported to Cifas.

There’s no dispute that the documents were altered. Mr O has accepted that. He has said that his partner at the time made the alterations to hide the fraud she had been committing against him – which involved spending money from his accounts and applying for credit in his name. He has provided a copy of an exchange of messages he says he had with his ex-partner in which he accused her of stealing from him, applying for loans and ruining his mortgage application, and in which she said she was sorry. He has also said that he reported what happened to the police and he has a crime reference number.

I’ve considered everything Mr O has said and provided very carefully. We’ve also asked him for and received details of the transactions made fraudulently by his ex-partner, and we’ve asked for and received copies of the bank statements LBS received at the time of the mortgage application, as well as copies of the unaltered bank statements from the bank which issued them.

The altered and unaltered statements show that more than just a few transactions were altered. The statement dated 19 January 2024, for example, shows a balance of just under £27,000 on the altered version and just under £2,000 on the unaltered version. The credit of £2,552.33 from Mr O’s employer on 10 January 2024 on the altered statement doesn’t show at all on the unaltered version. Instead, the unaltered version shows pay of just £1,500 from the same employer received on 15 January 2024.

The statements Mr O has provided showing some payments and cash withdrawals he says he didn’t make are for other accounts with other banks, between September 2023 and October 2024. But they don’t include statements for the account for which the altered statements were provided to LBS.

The nature and extent of the alterations to the statements don’t lead me to conclude that the alterations were made to hide fraudulent transactions. I’m satisfied that the statements provided to LBS were altered to misrepresent Mr O’s financial position for the purpose of his mortgage application – not least because it was income as well as expenditure that was altered. I think it was fair and reasonable in these circumstances for LBS to have concluded that the standard for making a report to Cifas had been met. There appeared to be clear and rigorous evidence to show that an application for a mortgage relying on false information had been made. I think that remains the case now. I think LBS had reasonable grounds to record the Cifas marker and I don’t consider that it would be fair for me to require it to remove it now.

It’s unfortunate that LBS didn’t identify the altered documents until after it had issued a mortgage offer to Mr O. I would expect underwriting checks to be completed before – not after – a formal offer of a mortgage is issued. I note however that the mortgage offer says LBS can withdraw the offer if it discovers that Mr O:

“provided us with untrue, inaccurate or incomplete information as part of your application for the loan and we have used this information in deciding whether to provide the Mortgage Offer to you”

In the circumstances I think LBS was entitled to withdraw the mortgage offer, and it didn't have to give Mr O its reasons for doing so. It also didn't have to tell Mr O at the time that it was making a report about his application to Cifas. It explained that as part of the application process it would share information with third parties (including credit reference agencies and fraud prevention databases) where necessary, and Mr O agreed to that when he submitted the application. So LBS didn't need to ask for his consent before it made the report to Cifas and it didn't need to tell him that it had done so. I'm satisfied that it had clear and rigorous evidence to justify making the report, and there was no reason for it to have made further enquiries before it did so.

Finally, I think LBS got things wrong when it referred Mr O back to Cifas to complain about the fraud marker. It has accepted that and offered him £75 compensation. I think that's fair for the inconvenience and wasted time it caused.”

I invited Mr O and LBS to let me have any further evidence or arguments they want me to consider before I make a final decision.

Mr O didn't accept my provisional decision. He said the mortgage he applied for would have been affordable and he provided copies of a tax return and bank statements to support that. He said he doesn't know what his ex-partner put on his bank statements, but his employer sometimes paid him in cash. He also said he had applied for a buy to let mortgage – not a personal mortgage as LBS had put on the Cifas report.

LBS didn't say whether or not it accepted my provisional decision, but it had nothing further to add.

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 remain of the view that I can't reasonably require LBS to remove the Cifas marker. I'm satisfied for the reasons I explained in my provisional decision that it had reasonable grounds to suspect fraud, supported by evidence. Mr O's mortgage application included altered documents and I don't consider that new evidence has since become available which would justify the marker being removed. I find it difficult to see why Mr O's income was altered in order to hide fraudulent expenditure, and Mr O hasn't shown that fraudulent expenditure was made from the account for which the altered statements were provided.

However, I agree that the Cifas report should say that the mortgage Mr O applied for was a buy to let mortgage and not a personal mortgage. LBS should now amend its report to reflect that.

I understand Mr O's concerns about the impact the Cifas marker may have on him, but I don't consider that grounds on which I can fairly require the marker to be removed. Other lenders should consider any applications Mr O makes for credit on their own merits, and if Mr O thinks other firms have treated him unfairly that's a matter for him to take up with them.

My final decision

My final decision is that Leeds Building Society should pay Mr O £75 if it hasn't already done so. It should also amend the Cifas marker to show that the application about which it recorded the marker was for a buy to let and not a personal mortgage.

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

Janet Millington
Ombudsman