

The complaint

Ms D complains that HSBC UK Bank Plc reported her to CIFAS, a fraud prevention database, in connection with a mortgage application.

What happened

In 2023 Ms D applied for a mortgage with HSBC. HSBC declined the application and reported Ms D to CIFAS, based on altered bank statements being included in support of the application. In 2024 she applied again for a different mortgage and HSBC declined that application too. Ms D discovered the CIFAS marker and complained to HSBC.

Ms D said that she had decided to buy a buy to let property. She wasn't experienced in financial services, and this was her first property purchase. A friend introduced her to a mortgage broker. Ms D gave the broker full and current information about herself and her personal circumstances, including genuine bank statements. She acted in good faith and trusted the broker to act in her best interests. She's since learned that the broker wasn't regulated. She says that the broker must have altered or falsified the documents before submitting them to HSBC.

Ms D also says that the email address used on the application, although it's in her name, is not her email address. It must have been created by the broker to make it look to HSBC like the application came direct from her. She said that while she accepted that a fraudulent application had been made, she had no knowledge of it, was not aware of what the broker had done until she discovered the CIFAS marker, and she had not acted dishonestly or sought to mislead HSBC. She had herself been deceived and been the victim of a fraud.

Ms D says she was referred to the broker by a friend who messaged her through a messaging service – Snapchat – that doesn't retain messages. Her contact with the broker was via WhatsApp or phone call, but as she has since changed her phone she can no longer access those messages either. She says she never met the broker in person.

HSBC said that the application was for a residential mortgage, not a buy to let mortgage. It said that it received an application that appeared to come direct from Ms D and there was no evidence that a broker was involved. It said that it carried out its usual underwriting checks and found that the evidence submitted in support of the application was false. It therefore had good reason to make the report to CIFAS, and it didn't think it had acted unfairly.

Our investigator didn't recommend that the complaint be upheld, so Ms D asked for it to be reviewed by an ombudsman. She reiterated that she didn't have experience or knowledge of how mortgages work. She acted in good faith relying on what she understood was a reputable broker. She provided the information she was asked for, and what she provided was correct and genuine. She had no involvement in misleading HSBC and did not act dishonestly at any point.

My provisional decision

I issued a provisional decision, in which I said:

“The fraud prevention databases play an important role in the financial services industry, allowing firms to share information in the interests of preventing and detecting fraud and protecting consumers generally. But given their nature, an individual should only be reported to a database where there’s clear justification for doing so. CIFAS’s guidance to its members is that a report should only be made where there’s reasonable suspicion that fraud has been committed or attempted, and where that suspicion is supported by clear relevant and rigorous evidence. That’s the standard of proof that’s required, and I’ve taken that into account in thinking about this case.

In order for me to uphold this complaint, I need to be satisfied that it wasn’t fair and reasonable for HSBC to conclude that the standard wasn’t met at the time it made the report; or that, even if it was fair at the time, evidence that’s since become available shows that it’s no longer met and so it wouldn’t be fair and reasonable for the marker to remain.

I’m satisfied that HSBC acted reasonably at the time it made the report. It had received a mortgage application, apparently from Ms D. There was clear, relevant and rigorous evidence showing that the application included supporting documentation – Ms D’s bank statements – that had been materially altered to show her financial circumstances in a more favourable light than was actually the case. It was therefore reasonable to conclude that a fraudulent mortgage application had been made.

And the application was made online, through HSBC’s customer facing portal rather than through its intermediary portal. The application was in Ms D’s name and included evidence of Ms D’s identity. HSBC rang the phone number included on the application several times to ask for further information; the persons it spoke to said it wasn’t convenient to speak. The calls were answered by males and females in a domestic, not professional, setting. There was no suggestion in the application HSBC received that it had been submitted by a third party rather than by Ms D herself, and no reason for HSBC to conclude that might be the case. It was therefore reasonable to conclude that the application had been made by Ms D.

In those circumstances, I’m satisfied that HSBC acted fairly in concluding that the standard had been met and making the report to CIFAS. I don’t therefore uphold this part of the complaint.

I’ve also thought carefully about everything that’s been said on Ms D’s behalf now, and looked at all the evidence, to help me decide whether it would be fair and reasonable to say that the marker should now be removed even if it was justified at the time.

I’ve noted Ms D’s testimony that she was referred to a third party she understood was a reputable broker by a friend. She says that because that referral was done on Snapchat, no evidence of it now survives. Although the initial referral was on Snapchat, the actual engagement with the broker was via WhatsApp and phone calls – Ms D says they never met face to face.

In support of that, Ms D’s representative has provided screenshots of some WhatsApp messages with the person she says is the broker. But when our investigator asked for more of the conversations, Ms D said she had since changed phones and not retained backups of the messages, so that evidence – including copies of the actual PDF bank statements she says she sent to the broker at the time rather than screenshots of messages attaching them – are no longer available.

I've also reviewed what the screenshots that are available show. They show a mobile phone number Ms D has saved in her contacts as "Mortgage Adviser UK". They show a photo of her passport and a message from "Mortgage Adviser UK" to Ms D saying another lender (not H) was happy with the ID provided. The second screenshot shows "Mortgage Adviser UK sending some bank statements to Ms D and saying they already had those ones. The third, fourth and fifth screenshots are extracts of those statements. There are no messages from Ms D to "Mortgage Adviser UK" shown and very few from "Mortgage Adviser UK" to Ms D.

There is also a record of one phone call having been made. The messages appear to be part of a group chat, not a one to one conversation – so at least one other party apart from Ms D and "Mortgage Adviser UK" was part of the group chat, though there are no messages from that other party.

I've taken what Ms D has said into account. I recognise people change their phones from time to time. But I'm aware that it is relatively straightforward to download a WhatsApp history, or transfer it from one device to another. Given that she has provided some screenshots, the change of phone must have come after she took those screenshots – but not others – in support of her complaint.

This means that by then Ms D knew that there was a CIFAS marker and that the rest of the WhatsApp history was the only evidence of what she says happened. If that information was important evidence in respect of a complaint she had already made, supporting her innocence, I think it's reasonable to have expected Ms D to have retained a backup of the entire conversations with the broker when changing her phone, or to have downloaded copies before they were lost.

I've compared the limited amount of information visible on the screenshots we do have with the information available from other sources. All the screenshots where it's possible to tell show the broker sending statements to Ms D, not the other way around. The only document where a full page of transactions is clearly visible matches the genuine statements our investigator obtained from Ms D's bank – though that page is for a savings account, and the statements submitted to HSBC were for a current account. There are two summary balances, though not transactions, visible for the current account; those balances do not match with the altered statements sent to HSBC. At least one of balances appears to be on a screenshot of documents the third party sent to Ms D, not the other way round.

Ms D says her actual salary was paid into a different account with a different bank. She's provided copies of statements for that bank account from the time of the 2023 application to our investigator. She says that she provided those statements to the broker too. But those statements don't appear on the screenshots of the messages she has provided.

Salary payments for 2023 are shown on the statements she gave our investigator. On the 2024 application to HSBC, Ms D said that she had been with her employer since 2018, and the payslips and bank statements included with the 2024 application evidence those salary payments – both the source and the amount. But what was declared on the 2024 application doesn't match the salary information on the 2023 statements Ms D gave our investigator – even though, on the 2024 mortgage application, she said she had been with the same employer since 2018 (therefore including the time of the 2023 statements).

If that's so, I'd expect the same employer, and similar payments, to be on both the 2023 and 2024 statements. But they aren't. Payments from the employer she said in

2024 that she had been with since 2018 are on the 2024 statement given to HSBC with the 2024 application, but not on the 2023 statements given to the investigator. The salary and employer on the 2023 statements are very different to those on the 2024 statement and application.

Our investigator asked Ms D for evidence of the fee she had paid to the broker. Ms D pointed to a payment on 21 April 2023, shown on the 2023 statements she provided. But the amount of that payment doesn't match what Ms D had previously said she was charged by the broker. And the payee appears to be a reputable lettings and property management company.

As I say, in deciding what's fair and reasonable in all the circumstances I need to take into account the standard for making a report to CIFAS – that there is clear, relevant and rigorous evidence of actual or attempted fraud. I've explained why I'm satisfied it was reasonable for HSBC to conclude the standard was met when it put the marker on in 2023.

In order to require HSBC to remove the marker now, even though it was reasonable at the time, I would need to be persuaded that there are no longer grounds to fairly conclude the standard is still met, in light of the evidence that's since become available.

I've considered all that evidence, as well as the evidence from the time of the application. I'm still satisfied that there was a fraudulent application. The question is therefore whether there is no longer clear, relevant and rigorous evidence to suggest that Ms D may have been a knowing party to that fraudulent application.

In thinking about that I've noted her clear testimony – that, as someone with limited knowledge and experience of mortgages and finance, she placed her trust in a broker recommended to her by a friend, that she gave the broker full and correct evidence that she was asked for, that she trusted and relied on the broker to submit a proper application, and that, if the evidence was altered by the broker, then that must have been done without her knowledge or agreement. Ms D says she acted in good faith, honestly, and with integrity throughout.

I've taken that testimony into account. But I've also noted the lack of supporting evidence for what she says (and her explanation for why that supporting evidence is not available), as well as the inconsistencies between what was said in 2023, what was said in 2024, and what is said now. I don't dismiss the possibility that what Ms D now says is correct. But I also can't dismiss the possibility that Ms D's involvement went beyond what she says, and that she was party to the submission of false bank statements to HSBC, either directly herself or with the third party. There is clear, relevant and rigorous evidence that a fraud was attempted in 2023. And I don't think I can reasonably find that there are no grounds for reasonable suspicion that Ms D was party to it. In the circumstances, I can't fairly require HSBC to remove the marker now."

The responses to my provisional decision

HSBC didn't make any further comments.

Ms D didn't agree with my provisional decision. She said she wanted to reiterate that she didn't knowingly submit, or allow to be submitted, false documents. She did not set out to mislead HSBC. She acted in good faith throughout, trusting and relying on someone she thought was a legitimate broker.

Ms D said she recognised there were inconsistencies between the 2023 and 2024 documents. But she was not aware of them at the time.

She said she did not alter any bank statements, and wouldn't have the technical knowledge to be able to do so.

She said that the payment she made in April 2023 was to the broker. It covered the fees she was asked to pay, including the cost of a valuation. If she was intending to commit fraud, it wouldn't be a payment openly made through her bank account.

Ms D said she no longer has access to the full messaging history having changed her phone. She recognised that this limits the evidence available for me to consider, but said that absence of evidence should not be interpreted as evidence of wrongdoing.

Ms D said that she was an inexperienced applicant relying on the advice she was given. The presence of the marker is having a serious impact and whether it was proportionate should be considered.

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've considered again what I said in my provisional decision, but I haven't changed my mind. Ms D hasn't provided any new evidence, but has reiterated what she said before. But I'm afraid I'm unpersuaded by what she says.

The absence of evidence of most of her interactions with the broker does cause difficulty in understanding exactly what happened. I've taken into account what she's said about having changed her phone. But I still find it difficult to understand why, having discovered the marker, she only preserved some of the messages with the broker – but not all of them, and not the ones that show her sending genuine statements to the broker. I'm afraid the absence of this evidence doesn't assist me in being able to find that there are no grounds for reasonably suspecting that she might have been party to the submission of the altered statement.

I've also noted what Ms D has said about the discrepancies between the 2023 and 2024 applications. Not only is the 2024 application inconsistent with the 2023 application, it's also inconsistent with what the genuine 2023 statements show about her circumstances. But there's been no suggestion that she was also misled by a rogue broker in 2024.

Ms D also hasn't explained why the payment she said she made to the broker appears to be a payment to a genuine lettings and property management company, not a broker.

As I say, I've very carefully considered everything that's been said. I do recognise the seriousness of having a marker recorded against her for Ms D. As I said in my provisional decision, the fraud prevention databases do play an important role – but given the implications for individuals, it's important a report is only made when the standard for doing so is met. Having considered all the evidence available to me, I remain satisfied, for all the reasons I've given in this and my provisional decision, that it was fair and reasonable for HSBC to have recorded the marker at the time it did so. And for the same reasons, I'm satisfied that I can't fairly require HSBC to remove it now on the grounds that the standard is no longer met.

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 Ms D to accept or reject my decision before 20 March 2026.

Simon Pugh
Ombudsman