

complaint

Mr W complains that Bank of Scotland plc trading as Birmingham Midshires wrongly recorded a Credit Industry Fraud Avoidance System (CIFAS) entry against his name.

Mr W is represented in this complaint by his father – Mr W senior.

background

Mr W took out a mortgage with the bank. This went through without any apparent issues, but Mr W later became aware that the bank had applied a CIFAS entry against his name.

The bank says that - for reasons not directly related to Mr W, after his mortgage completion it had cause to look again into his application – particularly with regard to his employment details. It says that the checks it carried out resulted in the conclusion that a CIFAS entry was appropriate.

When Mr W became aware of the entry, he presented additional information to the bank to verify his employment and the entry was removed shortly afterwards. But the bank maintained that its action in the first instance was justified.

Mr W referred his complaint to us. He said the bank was wrong to have registered the entry in the first place. And that this has caused him a financial loss and distress and inconvenience.

One of our investigators looked into this complaint and he thought it should be upheld. He didn't think the bank had done enough checks before recording the CIFAS entry against Mr W's name. He suggested that it pay Mr W £200 in recognition of the distress and inconvenience he was caused. But he thought the financial losses Mr W had mentioned related to a limited company to which Mr W is connected to as a director. So he didn't think Mr W had personally suffered a financial loss which he could consider as part of this complaint.

The bank didn't agree. It said it had undertaken sufficient checks prior to the CIFAS entry being recorded. And Mr W didn't agree that £200 adequately reflected the mistake. So this has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

So I've looked at CIFAS' website and – under the heading *'Proof required for a CIFAS warning'*, it says: *'Before an organisation is able to place a warning...on our database, they must be in a position to make a formal complaint to the police or other relevant law enforcement agency. They must have carried out checks of sufficient depth to satisfy this standard of proof'*.

The bank says it recorded the CIFAS entry against Mr W's name in line with its internal procedures because it wasn't able to satisfactorily verify Mr W's employment.

Our investigator asked the bank to provide evidence of its internal procedures. The bank responded to confirm that it had followed its internal procedures but it didn't evidence what these were – although, it told us about some of the checks it had done. So I've thought about the checks the bank did. But, like the investigator, I don't think I have seen enough evidence to satisfy the standard of proof described above. And it seems that Mr W was able to quickly provide the evidence the bank needed when he became aware of the issue, following which the CIFAS entry was removed. Taking this all into account, I don't think the bank undertook sufficient checks before it recorded the CIFAS entry. And had it done so, I also think this situation could have been avoided.

I note that Mr W senior has submitted evidence which he says illustrates a financial loss that the limited company Mr W is linked to has suffered as a consequence of the CIFAS entry. But, as our investigator explained, this complaint has been brought by Mr W in his personal capacity. So I can't consider any loss to the limited company as part of this complaint.

The CIFAS entry has already been removed. And Mr W hasn't said that he has suffered any personal financial loss as a result of this matter and from what I've seen his personal mortgage completed normally. So that simply leaves the matter of an award in recognition of his distress and inconvenience.

I note that Mr W thinks the amount recommended by the investigator is inadequate. But taking everything into account – including that it's not for me to fine or punish the bank and the general levels of awards this service makes, I think £200 is reasonable in the circumstances.

my final decision

For the reasons I've explained above, my final decision is that Bank of Scotland plc should pay Mr W compensation of £200 for the distress and inconvenience caused to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 April 2018.

Sandra Greene
ombudsman