

## **complaint**

Mr S complains that Barclays Bank PLC wrongly reported that he had made a fraudulent account application. This has affected his ability to borrow elsewhere.

## **background**

Mr S applied for a business account with Barclays in 2012. He was asked to give details of all the properties he had lived at in the last three years. His application was declined and he was not told the reason why. But Barclays added a record to a national fraud database saying that the application was fraudulent. It said it had adverse information about an address he was recorded as living at in 2008. He had not disclosed this address to Barclays. Mr S discovered this record in November 2014 when he applied for a commercial mortgage with a third party. Barclays said it would not remove the information as it was loaded correctly.

Following investigation by this service Barclays has accepted that it could not substantiate the fraud entry. Having removed the entry, it first offered £250 compensation to Mr S and then increased this to £1,000. The adjudicator did not consider that this was sufficient and recommended that the complaint be upheld. She said that:

- The guidelines for the national fraud database said that registration should only be made if an individual is acting dishonestly.
- Mr S said that he had never lived at the property in question- he owned it as investment.
- Had Barclays wanted to know all the properties Mr S lived at or owned it should have made that clear in the application process.
- Mr S had provided evidence about the property he wanted to buy in 2014 and the reason why his commercial mortgage application was turned down.
- He showed that he would have earned a monthly rental profit of £500 for 12 months, and then had the option to sell the property at a profit.
- She was unable to conclude that the resale would have gone through, but she did think it was certain Mr S missed out on rental income.
- She said that he should be awarded £6,000 in compensation for the inconvenience caused.

Barclays did not agree. It said that it was not reasonable to assume that the new borrowing was turned down solely as a result of the fraud marker. It said it took Mr S six months before he made his complaint and that was not consistent with him missing out on a property purchase. There was no guarantee the property would have been tenanted for 12 months. Barclays said Mr S was at the time an existing customer (with another account elsewhere) and was bound by its terms and conditions that said it would not be responsible for consequential loss.

Mr S said he no longer thought that the amount of compensation was sufficient. He wanted £10,000 to reflect the disruption to him and the time he has spent on this complaint.

## **my findings**

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

Barclays intended to alert relevant third parties to what it believed to be a fraud. It must have anticipated that this would clearly have an effect on Mr S if he wanted to make other applications. I note the comments it makes about consequential loss. But it's only referred me to a clause about a payment order (11.6 of its Business Banking Customer Agreement) in its terms and conditions. A further clause (11.8) says that it can't exclude liability for its actions in all circumstances. And in the particular circumstances of this complaint I don't see Mr S ever got to be fairly bound by this agreement

Barclays has been unable to show why it made the fraud entry. Even if it had seen a record showing Mr S lived at the address in 2008, it was not clear he was there in the three years before his application. And it has nothing to show that his actions reached a level that could be described as dishonesty. If it had such concerns it could have made further enquiry but its approach was to decline the application and not say why.

It now questions what Mr S has said. But his evidence shows that he did make a genuine application for a mortgage in 2014. And I think it highly likely based on what I've seen that the reason he didn't get this mortgage was the fraud record. The monthly rental profit is relatively modest and supported by a letter from the existing tenant. It was this tenant who potentially wanted to buy the property after 12 months. As the adjudicator says there was no certainty that this option would have been taken up.

Taking all this into account I'm satisfied that the appropriate level of compensation in this case is £6,000. I think this adequately reflects the inconvenience to Mr S.

### **my final decision**

My decision is that I uphold this complaint and I order Barclays Bank PLC to pay Mr S £6,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 February 2016.

Michael Crewe  
**ombudsman**