

## **complaint**

Mr K is unhappy that Bank of Scotland plc (trading as Halifax) has been unable to open a savings account for him and that he has not been told why.

## **background**

Mr K made an online application for a savings account in October 2012. The application was declined when a verification check was undertaken because some of the details provided by Mr K could not be verified. Mr K complains that he has lost interest on his money because the account was not opened due to an error on the part of Halifax.

The adjudicator did not recommend that this complaint should be upheld. He concluded that Halifax was not obliged to inform a customer why an application had not been accepted.

Mr K disagrees. He is concerned the account was refused due to a Credit Industry Fraud Avoidance System (CIFAS) entry that was on his credit file at an earlier time. He says his account application should not have been declined due to that entry.

In my provisional decision dated 19 November 2013, I recommended that Mr K's complaint should be upheld. Halifax accepts my recommendation of £100 compensation but disagrees that Mr K is entitled to the interest he would have received if the account he applied for had been opened. It says it should not have to reimburse him for lost interest given he has invested his money elsewhere.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have sympathy with Mr K who is frustrated that he cannot obtain information as to why his application for a savings account was unsuccessful. I note that he is concerned that a CIFAS entry on his credit file was the reason it was declined.

I note that it is usual practice within the banking industry that a bank is not obliged to advise a customer why an application has not been accepted whatever the reason may be. I also understand that even if the records make reference to a CIFAS marker, a bank is not necessarily permitted to communicate this.

However, I note Halifax directed Mr K to his credit file record held at one of the credit reference agencies. On checking his file, Mr K discovered no adverse information. As a result, on balance, I consider it more likely than not that Halifax placed undue weight on the CIFAS entry in considering Mr K's application. While, ultimately, whether a bank accepts a customer's application for an account is a matter for its commercial judgement, I find it more likely than not that Halifax misinterpreted the CIFAS information and failed to seek further information to verify Mr K's identity. In not taking that step, I consider Halifax was at fault in that it rejected Mr K's application on the basis of incorrect information.

In all the circumstances I consider it fair and reasonable that Halifax reimburse Mr K for the interest he lost as a result of it declining to open the account. I note Mr K has invested his money elsewhere in the meantime. In the event that he has earned less interest doing so

than he would have earned if he had invested the same amount at Halifax, I consider it reasonable that Halifax reimburse him for the difference.

**my final decision**

My final decision is that I uphold this complaint. By way of settlement Bank of Scotland plc (trading as Halifax) should pay Mr K the interest he would have earned on the account he applied for from November 2012 to the date of settlement, less the interest he has earned on investing his money elsewhere in the interim. Bank of Scotland plc (trading as Halifax) should also pay Mr K £100 compensation for his distress and inconvenience.

Zoe Copley  
**ombudsman**