

complaint

Miss S complains that Bank of Scotland plc (trading as Halifax) made an entry about her on a fraud prevention database when it rejected a mortgage application she'd made.

background

Miss S applied for a mortgage directly with Halifax in 2015. She says that Halifax's adviser told her not to disclose historic adverse credit information, including previous mortgage arrears – so she didn't.

Halifax declined the application. Some time later, Miss S found Halifax had recorded an entry on CIFAS, a fraud prevention database, about her.

Miss S complained to Halifax about the marker, and it issued its final response in May 2018, saying it thought the marker had been added fairly and refused to remove it. Miss S complained to Halifax again in April 2019, and referred the complaint to us in May 2019.

Our investigator didn't think Halifax acted unfairly, so Miss S asked for an ombudsman to review the 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.

Miss S explained the reasons that she wasn't able to pursue the complaint sooner, within the time limits set by the regulator. Based on what she explained, Halifax consented to our service considering the complaint. So I'm satisfied Miss S' complaint is one we can consider.

Like all lenders, Halifax considers information and evidence it receives in respect of a mortgage application. It carries out its standard underwriting checks to try to confirm the accuracy of what it's told and to decide whether it wants to lend. It's important to note that there's no obligation to lend – and there's no obligation to give reasons for a refusal either.

After the mortgage application was declined, Miss S discovered that a utilities company had incorrectly linked an address to her that she'd never lived at. This meant that when Halifax checked her credit file, it found adverse data that shouldn't have been linked to Miss S – including a defaulted account. Miss S contacted the utilities company about the information incorrectly linked to her credit file, and that information's now been removed.

Halifax says it recorded the entry on CIFAS as Miss S hadn't disclosed that she'd previously been in arrears on her mortgage, as well as a number of defaulted accounts that *weren't* connected to the address she'd been linked to incorrectly. It said that, even discounting the information linked to Miss S incorrectly, it felt it had acted fairly in applying the markers.

Miss S accepts that she had missed payments on her mortgage and other debts, which led to a number of defaults, within six years of making the mortgage application.

When making a referral to CIFAS, Halifax has to have reasonable grounds to do so. I think it had reasonable grounds to suspect that Miss S had given misleading information in support of an application. Miss S says she was told to do so by Halifax's adviser. I think it's unlikely a

mortgage adviser would suggest she does that knowing it would be discovered. And even if the adviser did, Miss S still knew she wasn't answering the questions she was asked accurately.

Based on what it knew at the time, I don't think it was unfair that Halifax made the referral. And based on the evidence I've seen since, I don't think Halifax would have acted differently even if it had only seen her correct account history when it checked her credit file – which was still different to what she declared in the application. So, I can't say it acted unreasonably in recording an entry on CIFAS and I can't reasonably ask it to remove the entry now.

my final decision

For the reasons I've given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 January 2020.

Simon Pugh
ombudsman