

## **complaint**

Mr S complains that Virgin Money plc (Virgin) won't remove a Credit Industry Fraud Avoidance System ('CIFAS') entry it registered against him.

## **background**

Mr S visited a broker to discuss mortgage applications. The broker advised him that it might be difficult for lending to be approved, as he had erratic income, not all of which showed up on his payslips.

Mr S created fake bank statements and payslips that looked on their face genuine, but which were not – the pay shown on the payslips, and the corresponding credits into his bank account, were higher than was in fact the case.

Mr S says that he did this because he wanted to show them to the broker and get feedback on whether – if his bank statements and payslips looked like that rather than like they actually did – he would be more likely to get a mortgage. He says that he agreed with his employer to regularise his income so that it would in future be in line with what was on the "mocked up" bank statements and payslips. He left the fake versions with the broker.

Subsequently, a mortgage application was submitted to Virgin. When Virgin wanted proof of income, it contacted the broker. A member of the broker's staff sent in the fake statements and payslips rather than genuine ones. The appearance of the bank statements raised suspicions at Virgin, and following investigation it identified that they were not genuine. Virgin registered a CIFAS fraud warning against Mr S.

Mr S supplied his real statements. Virgin refused to remove the CIFAS entry on the basis that Mr S, via a broker, submitted bank statements which were false and which inflated his income. It says that it discussed the case with CIFAS, which agreed that the entry should not be removed.

Mr S complained to this service, saying that Virgin should remove the entry because the submission of the statements was a mistake on the broker's part, and he had only created them for illustrative purposes, never intending them to be used in an application.

Our adjudicator didn't recommend upholding the complaint. He thought that Virgin was justified in making the entry, and justified in not removing it. Mr S now wants a final decision from me.

## **my findings**

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

Virgin has not said that it disputes Mr S's account of what he did and why (though nor has it accepted it), and so I do not need to decide whether things happened as he said. For the purposes of this decision, I shall assume it is correct.

Virgin simply says that it was right to raise a CIFAS alert because a fake bank statement, showing inflated earnings, had been submitted in support of a mortgage application. Mr S does not dispute that that is what happened; he says, in effect, that because he had no

fraudulent intent in creating the statements and it was not him who submitted them, the entry should now be removed.

I can't say that Virgin's position is unreasonable. It received an application for a mortgage. False documents were submitted in support of that application. That is exactly the sort of situation in which a business should make a CIFAS entry.

Nor do I think Virgin acted unreasonably in deciding not to remove the entry once it was made. Mr S accepts that he produced fake bank statements and payslips and gave them to his broker. The broker – acting as his agent and on his behalf, even if mistakenly – submitted them. Those documents were used in support of a mortgage application – an application which was therefore made on false pretences.

Even if it was not Mr S's intent that the statements should be used in that way, by creating them and giving them to his broker he clearly exposed himself to that risk.

Whatever his motivation, that was an ill-advised thing to do. It was also unnecessary – since he could discuss with his broker the sorts of evidence that would be needed in support of a mortgage application quite easily without needing to manufacture it himself. I'm afraid that it is Mr S's actions that lie at the root of this complaint and he must bear the consequences of them; I don't think that Virgin has done anything wrong.

#### **my final decision**

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

Simon Pugh  
**ombudsman**