

complaint

Mr and Mrs D complain that the Bank of Scotland plc withdrew a mortgage offer without good reason. They are also unhappy that information about the application was passed to a fraud prevention agency, CIFAS.

background

Mr and Mrs D applied for a mortgage and an offer was issued. The bank subsequently withdrew the offer and passed information about the application fraud prevention agencies including a marker in Mrs D's name with CIFAS. The offer was made on information provided by Mr and Mrs D during the application process. The bank said it wasn't able to verify some of that information and decided it didn't want to lend.

my provisional conclusions

In my provisional decision I concluded that there were sufficient questions about the circumstances of the application to make the bank think again about its decision to lend. In particular these questions related to income verification.

But I didn't think the bank had met the requirements set out in guidance published by CIFAS when deciding to place a marker against Mrs D's name. To my mind I needed to be certain that the bank could have made a formal complaint to the police or other law enforcement agency and that any checks carried out were sufficient to satisfy this standard of proof. That wasn't the case here.

I recommended that the bank remove the registration, apologise to Mr and Mrs D and pay them £500 for any upset and embarrassment arising from the registration.

The bank accepted my recommendation. Mr and Mrs D said they felt a larger sum was due as they had needed to make other arrangements whilst enquiries were made about the registration. More recently they have asked that I conclude matters as soon as possible.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I confirm my earlier conclusions.

Mr and Mrs D have chosen not to evidence the additional costs they incurred as a result of the registration and have instead asked that I conclude matters as soon as possible. They have said that they spent some time dealing with their current account bankers and that once the position had been clarified they (the current account bankers) were prepared to lend. So Mr and Mrs D were able to move albeit some months later than planned.

I accept this matter has been both upsetting and stressful for both Mr and Mrs D. The bank will remove the registration and it seems right that it should also apologise to Mr and Mrs D even if there were legitimate questions about the application. I recommended that £500 compensation be paid – essentially I saw this as compensation for any embarrassment with their current account bankers and the work involved in persuading that bank that the registration was misplaced.

Mr and Mrs D have recently said that they don't want money from the bank and that any award should be made to charity. In those circumstances I make no further finding in relation to the amount of compensation that should be paid. I think that, on the information I have, £500 is a fair amount.

my final decision

My final decision is that I uphold the complaint about the CIFAS registration but not the complaint about the withdrawal of the mortgage offer.

In full and final settlement Bank of Scotland plc should:

- remove the CIFAS registration within 28 days of Mr and Mrs D's acceptance of this decision and confirming to them in writing when this has been done;
- apologise to Mr and Mrs D; and
- pay them or a charity of their choice £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 16 June 2018.

Clare Mortimer
ombudsman