

complaint

Mr and Mrs A complain Bank of Scotland plc (trading as Halifax) has added fraud markers against their names based on incorrect information.

Mr and Mrs A want the markers to be removed as they say it's damaging to them. They'd also like an apology from Halifax and compensation.

background

In early August 2016 Mr and Mrs A applied to remortgage with Halifax through a broker. They'd decided to sell their home and move to a bigger property.

Halifax declined Mr and Mrs A's mortgage application. It said it couldn't verify some of the income information supplied by Mr and Mrs A. Halifax also recorded information with National Hunter (anti-fraud database) and Credit Industry Fraud Avoidance Scheme ("CIFAS"). Both National Hunter and CIFAS are databases containing information from lenders to prevent fraud.

Mr and Mrs A complained to Halifax and asked it to reconsider its lending decision. Further information was provided. However, having reviewed the information, Halifax declined the new mortgage application and it didn't uphold Mr and Mrs A's complaint. Halifax says it's unwilling to ask the fraud markers to be removed because it doesn't consider it's made a mistake.

Mr and Mrs A brought their complaint to this service. Our adjudicator didn't think Halifax had acted unfairly and so Mr and Mrs A asked for an Ombudsman to review their 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. Having done so, I don't consider this complaint should be upheld. I'll explain why.

Like any lender, Halifax is entitled to carry out credit checks and examine the circumstances of any consumer who wishes to borrow money from it. If those checks reveal errors or inconsistencies then it is free to decline the application to borrow. Following problems verifying Mr A's pay, Halifax declined the mortgage application.

Halifax then reported issues with income verification to CIFAS and National Hunter. Halifax is required, as part of its membership of the anti-fraud schemes, to place a marker with relevant agencies in such instances.

Halifax has shown us that it carried out checks on the information provided by Mr and Mrs A as part of their mortgage application. Based on the outcome of those checks, I don't consider it acted unreasonably or unfairly when it declined their application. Mr and Mrs A provided additional information after errors were found with information given earlier. I'm satisfied from the evidence provided that Halifax gave careful consideration to all the additional information provided although this didn't cause Halifax to reverse its decision to decline the mortgage.

I've thought about the concerns Halifax had with the mortgage application, particularly the issues it had verifying Mr A's income. I'm satisfied Halifax acted reasonably when declining the mortgage and in recording the information when it did with CIFAS and National Hunter.

I'd like to reassure Mr and Mrs A that the recording of such fraud markers is not intended to stop them from obtaining credit from other lenders. It's for other lenders to conduct their own checks if they discover an entry on National Hunter or CIFAS for a mortgage applicant. Halifax isn't responsible for the actions of other lenders.

I can see why this is frustrating for Mr and Mrs A - particularly when they say another lender recorded a fraud marker and then removed it following their appeal. I can't comment on a decision made by another lender outside of this complaint. But in the circumstances of this complaint, I don't think Halifax has made a mistake or acted unfairly and so I won't be asking Halifax to remove the fraud marker or pay compensation.

I know my decision will be a disappointment for Mr and Mrs A. They've said they are considering legal action against Halifax. Mr and Mrs A can still take this matter to court if they wish, providing they don't accept my final decision.

my final decision

My final decision, for the reasons I've explained, is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 3 May 2017.

Emma Peters
ombudsman