

The complaint

Mr and Mrs A have complained that Coventry Building Society registered a marker against them at CIFAS, the national fraud database.

What happened

In 2020, a mortgage application was made to Coventry in Mr and Mrs A's name, via a regulated mortgage broker and a regulated solicitor, to purchase a property in Mr and Mrs A's local area.

The application was made using Mr and Mrs A's correct details, and their genuine photo ID, with a signed declaration. The broker said they'd spoken to Mr and Mrs A over the phone and recalled being introduced to them by a previous customer who knew them. Coventry were provided with Mr and Mrs A's bank statements and payslips, but found these had been falsified to make it look like Mr and Mrs A were in a better financial situation than they were, in order that Mr and Mrs A would be granted a better mortgage. Coventry checked the documents with HMRC and with Mr and Mrs A's own bank to confirm the forgery.

Coventry declined the application and registered a marker at CIFAS for false documentation.

In late 2022, Mr and Mrs A complained. They denied ever making the application or providing the documents. They suggested their phone might have been hacked, though they confirmed their phone and apps were password protected. They didn't know how someone had got hold of their ID documents, which they still had in their possession.

Our investigator looked into things independently and didn't uphold the complaint. Mr and Mrs A didn't agree. They now say they lost a laptop about six months before the application, which they now say was not password protected, and which may have allowed someone to steal their identity.

The complaint's been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I will first note that technically speaking, this complaint really should have been dismissed due to a lack of a proper relationship between Mr and Mrs A and Coventry. But given that neither side have objected to us looking into the matter, we are rather late in the process already, and there are such strong feelings about the merits, on this occasion I will comment on the merits for the sake of giving both sides some closure.

In order to register this marker, Coventry were not required to prove beyond all reasonable doubt that Mr and Mrs A had done something wrong. They did need to have reasonable grounds to believe that they'd provided falsified documents, which went beyond a suspicion or concern, and which had appropriate supporting evidence. Having carefully considered everything that both sides have said and provided, I find that Coventry did have sufficient grounds to register this marker. I'll explain why.

The application was made using Mr and Mrs A's genuine photo ID, which they didn't lose and which matches up to the copies they provided our service. It was also made using bank statements which matched their real ones, aside from the parts which were altered to make their financial situation look better. A declaration was physically signed, and the signatures match up to both Mr and Mrs A's genuine signatures on the ID they've shown us. This strongly supports that this was a genuine application from Mr and Mrs A.

The application went through a genuine regulated mortgage broker, who said they spoke to Mr and Mrs A over the phone at the time. The phone numbers provided are the same phone numbers Mr and Mrs A still use now. Indeed, all of the contact details on the application were Mr and Mrs A's genuine details, so all contact went to them. It is not likely or plausible that a fraudster would use Mr and Mrs A's genuine phone numbers, email addresses and so on to falsely get credit on their behalf, as Mr and Mrs A would quickly receive contact and the fraud would be discovered long before the conveyancing process could ever finish.

The application was also made via a genuine regulated solicitor, local to Mr and Mrs A. Had the mortgage application gone forward, this solicitor would need to have verified Mr and Mrs A's identity and the source of the deposit, and carried out fraud checks. I don't see how this plausibly could have been done if Mr and Mrs A were unaware of the application and weren't putting forward the deposit themselves. So it's not likely or plausible that a fraudster would even try this – they'd reasonably know they wouldn't get past the solicitor.

Further, even if the property purchase had somehow gone through without Mr and Mrs A's consent, it would still have been Mr and Mrs A's names on the deeds, and the property would then belong to them. So a fraudster would get no reasonable benefit from all this effort. Indeed, the applicants offered a deposit of over £150,000 to put the property in Mr and Mrs A's name. So if this was a fraudster, they'd be effectively handing a six-figure sum to Mr and Mrs A. It is simply not credible that a fraudster would do that.

As far as I can see, the details on the application were correct – such as Mr and Mrs A's personal details, contact details, financial details, employment details, and bank details – aside from the information that was falsified in order to make their financial situation appear better. The property in question was in Mr and Mrs A's local area. There is nothing which shows or substantiates that anyone other than Mr and Mrs A made this application, and the only party who realistically stood to benefit from this application was Mr and Mrs A.

Coventry sent Mr and Mrs A several letters about the application, keeping them up to date with what was happening and telling them to get in touch if they hadn't applied. These letters went to Mr and Mrs A's correct address, which was verified as being correct via their bank and the voter's roll. It is not likely that a fraudster would be able to intercept every single letter, as Mr and Mrs A suggested. It's most likely that Mr and Mrs A were aware of the application. They did not raise any issues with Coventry at the time. Again, this supports that the application was made with Mr and Mrs A's knowledge and consent.

Mr and Mrs A now say they lost a laptop some time beforehand, which didn't have a password. They never mentioned this before, so it's difficult to take this latest testimony as being reliable. And even if they did lose a laptop, it's still not likely or plausible that someone would then try to buy a property for Mr and Mrs A, including potentially putting forward huge sums of their own money for equity that would then all belong to Mr and Mrs A anyway. It's not likely or plausible that they'd do this using Mr and Mrs A's genuine contact details and a genuine regulated broker and solicitor, and it's not likely that they'd be able to so accurately replicate Mr and Mrs A's wet signatures.

Realistically, the only likely and plausible explanation is that Mr and Mrs A made this application. This possibility is strongly supported by the evidence at hand. Whereas there's no evidence which reasonably shows or substantiates that anyone else applied.

Coventry checked the documents that Mr and Mrs A provided with their bank and with HMRC. Both organisations confirmed that the documents had been falsified in order to make Mr and Mrs A's financial situation look better, so that Mr and Mrs A could get a better mortgage. Again, the only party who really stood to benefit from this was Mr and Mrs A. With that in mind, I find it was fair that Coventry denied the application and registered the appropriate marker with CIFAS. This is a difficult message for me to give, and I know it's a difficult message for Mr and Mrs A to receive. But given the evidence I have, and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

My final decision

For the reasons I've explained, I don't uphold Mr and Mrs A's complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 28 December 2023.

Adam Charles
Ombudsman