

The complaint

Mr K has complained that National Westminster Bank Plc reported information to the National Hunter database when it declined a mortgage application he'd made to the bank.

What happened

In May 2021 Mr K applied online for a mortgage with NatWest.

NatWest received the application and supporting documents from Mr K and, having reviewed those, it declined the application. It also recorded a "Refer" marker on the National Hunter database; the database contains information provided by financial businesses to prevent fraud.

Mr K made a data subject access request to National Hunter in late 2021. National Hunter printed the report that NatWest had made and emailed that to Mr K with an explanatory document on 6 January 2022

On our complaint form, Mr K wrote "... i only found this out this month when i tried to open a new bank account a few months ago. i have made contact with national hunter who state that natwest/rbs sent them information and said the reason i was being blocked was i had made a mistake on my application (they said i misspelled my own name)..."

Mr K complained to NatWest, and it responded to the complaint on 25 April 2023. NatWest said Mr K had applied for a mortgage online in May 2021 and following a review of the information and documentation that was provided by Mr K the application was declined. It said that the information it reported was a true reflection of its findings when it assessed the application.

The complaint was looked at by one of our Investigators. He received information from NatWest and having reviewed that he didn't uphold the complaint. He thought NatWest hadn't acted inappropriately in adding the marker as he believed NatWest had reasonable grounds to suspect they had received false information in support of an application.

Mr K didn't agree. He said he was totally unaware why the marker had been added and didn't know when it would be removed. He said even in murder cases the murderer has the opportunity to respond to evidence.

As an agreement couldn't be reached the case was 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.

Whenever a lender receives an application for a mortgage, it will consider the application. This involves checking the information received, as well as carrying out its own standard checks and underwriting procedures. That's what NatWest did in this case. These checks

are crucial; a mortgage is a significant commitment, and the regulator requires lenders only to lend where they can be sure that the mortgage is affordable.

Having carried out its checks, NatWest had some concerns about the information and documentation it had been given by Mr K.

The National Hunter database enables the sharing of information across the financial services industry in the interests of fraud prevention. This is an important function. But as there are consequences for an individual in having an entry on the database about them, lenders should only record markers on fraud prevention databases where they have good grounds to do so. The various databases, including National Hunter, set out what they expect from their members in order for a marker to be recorded

The database is a place for financial firms to share information about applications that raise questions. That's why an entry is not a reason, of itself, for later firms to refuse an application – a database record is a prompt to make further enquiries, not grounds for automatic refusal.

Mr K has said he doesn't know why the marker was placed on National Hunter, nor how long it will remain. Mr K provided our service with a copy of a National Hunter report along with a document that says *"This document has been designed to assist members of the public in understanding information returned in response to a Data Subject Access Request to National Hunter"*. Those answer both his questions.

The National Hunter report says the marker is *"Refer"* for which the explanatory document says:

"By setting a case to refer status, the organisation who set it investigated further, which confirmed that something was misrepresented. It highlights to other organisations who match against it that they may wish to contact (i.e. refer to) the original lending organisation. If there is information showing in the reasons section, this tells you the reason/s why the refer status was set. This data remains available for matching for 6 years from date of application."

Looking at the *"reasons section"* on Mr K's report (as referred to in the above explanation) that says *"Docs – Altered"*.

The document also explains that the section the word *"Refer"* is against doesn't infer it is that section that is the issue, just that the application overall contains inconsistent or misrepresented information:

"Whilst a status is applied to individual data parts, for example name, address, bank details, this does not infer that the organisation has deemed this information inconsistent or misrepresented. Instead, this denotes that inconsistent or misrepresented information was identified during the application process."

I think it is reasonable to say that Mr K can take the following from the information he provided to our service:

- Whilst the word *"Refer"* is showing against the section containing Mr K's name and date of birth that doesn't mean that is the information NatWest had concerns about.
- The reason for the marker is recorded as *"Docs – Altered"*.
- The marker will remain for six years.

I've looked at the information NatWest received in respect of this mortgage application and I've taken into account what both sides have said. Having done so, I can see NatWest had concerns about the information it was given as part of the application following the checks it carried out. And having considered the checks NatWest carried out as part of its underwriting process, I don't think its concerns were unreasonable.

So, I can't say it acted unreasonably in recording an entry on the National Hunter database and I can't reasonably ask it to remove the entry now.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 February 2024.

Julia Meadows
Ombudsman