

## **The complaint**

E, a company, complains that National Westminster Bank Plc registered a CIFAS marker against it and closed its accounts. E is represented by its director, Mr P. CIFAS is the UK's fraud alert service.

## **What happened**

E held a business reserve account and a business current account with NatWest. In August 2019 Mr P set up three new payees and made small payments to them from E's current account. In September 2019 just over £27,000 was paid into the business reserve account. Mr P arranged for that money to be transferred to E's current account, from which it was transferred in four transactions to the three payees which had been set up on the account the previous month.

NatWest was contacted by the bank from which the £27,000 payment had been made. It said that its customer had been the victim of an e-mail fraud and that the money which E had received wasn't therefore money to which it was entitled. NatWest placed restrictions on E's accounts while it investigated what had happened.

Mr P said that E had been acting as a broker for a film production company. He'd been asked by the investors to set up new payees in order to speed up receipts and payments. He believed that the money paid to E's business reserve account was the first part of the investment and that the payments from E were to meet initial marketing, set up and commission costs. They needed to be made quickly to speed up the remaining investment.

NatWest didn't accept Mr P's explanation and gave E notice that it would close its accounts. It also placed CIFAS markers against E and Mr P. Mr P says that this meant that his personal accounts with other providers were closed.

E, through Mr P, referred the matter to this service and one of our investigators considered it. He thought however that NatWest had been justified in taking the action it did. On balance, he considered that Mr P was aware of the nature of the funds passing through E's account. Mr P didn't accept the investigator's conclusions and asked that an ombudsman review them.

## **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.

In bringing this complaint on behalf of E, Mr P has told us that NatWest placed a CIFAS marker against him as an individual, as well as against E. I stress however that I make no comment on that issue. I'm concerned here only with NatWest's actions towards E.

I'm satisfied first of all that the money E received wasn't money to which it was entitled. It was transferred as a result of a fraud or a scam on the holder of the account from which it came.

It doesn't necessarily follow however that it was appropriate of NatWest to place a CIFAS marker against E. A bank needs more than just a concern or suspicion before it can do that; it should have sufficient evidence that it could justifiably report a crime - whether or not it actually does.

Mr P has provided a fairly elaborate explanation of E's intended role in a film investment, supported with some documentation. But, whilst he describes E's role as a broker, in reality all it seems it was required to do was to receive a payment and pass it through E's account as quickly as possible. There doesn't seem to me to have been any rational business reason to operate in that way; the payments could have been made directly, and it's not at all clear what other service E was supposed to be providing. The payments made from E's account don't appear to have been accompanied by any invoices or explanation of how they were broken down.

For these reasons, I agree with the investigator's view that Mr P (and, by extension, E) knew or ought to have known that the funds were not part of a film investment. I believe too that there's a strong possibility that Mr P knew or suspected they were not legitimate, even if he didn't know the full details of their source.

For these reasons, I believe that NatWest was justified in placing a CIFAS marker against E. It follows too that the bank was justified in closing E's accounts in the way it did.

### **My final decision**

My final decision is that I don't require National Westminster Bank Plc to take any further action to resolve E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 3 September 2020.

Mike Ingram  
**Ombudsman**