DRN-2687551

The complaint

Mr D complained because Bank of Scotland plc, trading as Halifax, refused to refund him for fraudulent funds paid into his account; closed his account; and sent his details to the fraud prevention organisation CIFAS.

Mr D wants the money paid back to him, the account re-opened, and the CIFAS fraud marker removed.

What happened

On 4 August 2020, two credits were made to one of Mr D's Halifax accounts. One was for £1,500 and the other £530. There was then an online banking transfer of £2,030 to one of two savings accounts which Mr D had just opened and which had had a zero balance. The transfer was made using Mr D's normal device for making payments.

The same day, £4,200 credited a third account in Mr D's name. This too had just been opened and had a zero balance.

The same day, the £2,030 and the £4,200 were transferred to an account in Mr D's name with and online platform which trades cryptocurrency. These used Mr D's normal device for making payments.

Halifax contacted Mr D and asked him about what had happened. Mr D told Halifax different things at different times:

- Mr D said he didn't know where the incoming credits had come from, and he hadn't made the transfers out;
- He also said that a friend of a friend had asked to use his bank details because of problems with his own bank. After this had been done, Mr D had then transferred the money out;
- Mr D said he'd been expecting the £4,200 credit, which was from the online platform which trades cryptocurrency.

Halifax decided to close all Mr D's accounts, on the basis that he'd been the beneficiary of fraudulent funds. Mr D complained, but Halifax didn't change its mind. In Halifax's final response letter on 14 August, it confirmed the closures and said that because it was closing the accounts because of fraud, it had passed Mr D's details to the fraud prevention organisation CIFAS.

Mr D wasn't satisfied and complained to this service.

Our investigator didn't uphold Mr D's complaint. She spoke to Mr D several times and was told different versions, which varied from each other and varied from what Mr D had told Halifax. When Mr D first contacted this service, he said he had no idea how the money got into his account, and that he wanted the CIFAS marker removed and money refunded. On another occasion, however, he told the investigator that he'd told Halifax he'd carried out the withdrawals but actually he hadn't, and he'd only said that because he felt he had to. Mr D told the investigator that the money paid into his account had come from his own account

with the online platform which trades cryptocurrency, but someone else had sent it. He didn't know how this had happened.

The investigator asked Mr D about his different versions about what had happened. Mr D said he hadn't given his details to the friend of a friend as he'd told Halifax, but he'd felt he had to tell Halifax he'd carried out the transfer. He said he couldn't have done the transfer out because at the time he was having a driving lesson.

Mr D told the investigator he hadn't written down his online security details, and hadn't told anyone. He said he accessed his Halifax account using a fingerprint. Mr D didn't report the issue either to the police or to the online platform which trades cryptocurrency.

The investigator considered that Halifax had acted fairly in closing Mr D's account because the incoming credit had been confirmed as fraudulent. She also explained that Halifax had an obligation to report a consumer to CIFAS if it has reasonable grounds to suspect fraud. So she didn't uphold Mr D's complaint.

Mr D wasn't satisfied. He said he wanted the money refunded to him. He asked for an ombudsman decision and said he wanted more time before that. The investigator gave Mr D two more weeks, and Mr D provided more information. He said:

- he believed his bank account had been hacked on 4 August because he used the same usernames and passwords across multiple apps and sites. Mr D said the hacker had been able to obtain these usernames and passwords ''*from the database''* and had then used them to log onto Mr D's online banking;
- there had been a bad line on the phone with Halifax, resulting in a misunderstanding. He hadn't been expecting £4,000 into his bank account but he had expected £5 from one of his siblings;
- he had said that he'd done some trading, but he hadn't done the disputed transactions. Mr D said he had no idea the different apps were being used without his consent;
- his online banking had been blocked for a day so he couldn't access it;
- he'd been on a driving lesson the next day so it hadn't been Mr D who had used the account.
- Mr D said he'd only ever sent £1 through online banking;
- He didn't know where the money in and out of his account on 4 August had come from;
- Mr D sent screenshots of his account balance in July and August;
- Mr D also sent us a copy of an undated text from someone asking him to move a lesson from ''*Monday to Tuesday say 14.30*?''

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.

The disputed money

Mr D says he wants a refund for the money which credited his account and which Halifax blocked. As I've set out above, Mr D has given different explanations about what happened, and I'll discuss those below. But the fact is that the money paid into the account were fraudulent funds. So Mr D isn't entitled to have it.

Closing Mr D's account

I've checked the terms and conditions of Mr D's account. Section 25.1 is about ending the account. It says that Halifax can close an account without notice if:

''If we reasonably think that:
- *there is illegal or fraudulent activity on or connected to the account''*

The funds paid into Mr D's account were confirmed as fraudulent, so I find that Halifax was entitled to close Mr D's account without notice.

CIFAS marker

CIFAS is a fraud prevention membership organisation. Members, such as Halifax, register markers against individuals. There are set standards of proof before a marker can be recorded. These standards include a requirement that there are reasonable grounds to believe that a fraud or financial crime has been committed or attempted. And that evidence must be clear, relevant and rigorous such that the member could confidently report the conduct to the police.

I've considered whether the circumstances here meet these requirements.

Mr D gave different versions about what happened to Halifax. He also gave other different versions to our investigator. Mr D has also provided further conflicting evidence after the investigator issued her view.

I've carefully considered the extra information which Mr D sent us. This includes new suggestions, which are different again from some of the many different explanations he gave to Halifax and to us. I'm not persuaded by any of these arguments. And multiple inconsistencies make it harder to conclude that Mr D was providing a truthful and believable account of what happened.

For completeness, I've given examples of some of Mr D's new explanations and why I'm not persuaded by them. But none of his explanations completely fits the facts, and having so many different explanations at different times makes it more unlikely that any of Mr D's versions is the accurate one.

One of Mr D's new explanations is that a fraudster hacked his Halifax account because Mr D used the same username and password for all his accounts. It's not clear to me what Mr D means when he said a fraudster obtained these '*'from the database''* and Mr D hasn't given any clear explanation about how he thinks anyone obtained his security details. I've borne in mind that he told our investigator had hadn't written down his details or given them to anyone else.

And another new suggestion is that there had been a bad line when Mr D told Halifax he'd been expecting a payment. The call recording I have from Halifax doesn't show any technical problems. And again, this was only one of numerous different explanations which Mr D gave to Halifax and to this service.

The texts which Mr D sent don't prove that he had a driving lesson on any particular day – but even if he did, that doesn't mean he couldn't have carried out the disputed transactions.

I've gone on to consider whether or not it's reasonable for Halifax to have believed that a fraud or financial crime had been committed or attempted.

Mr D had only opened the two new accounts the day before the fraudulent money was transferred to them. I've also seen evidence that the transfers of £2,030 and £4,200 were

both carried out with Mr D's normal device. But Mr D said he hadn't allowed anyone else access to his online banking details and fingerprint login. And having considered all the evidence, including Mr D's inconsistent explanations, I find it's more likely than not that Mr D carried out the transactions himself.

And as the money paid in had been obtained fraudulently, I find that Halifax met the CIFAS requirements for reporting Mr D to CIFAS and placing a marker against his name. So I do not require Halifax to remover the marker, and I do not uphold Mr D's complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 May 2021.

Belinda Knight
Ombudsman