

The complaint

Miss K complains that Lloyds Bank PLC has registered a marker at CIFAS, the national fraud database and closed her account.

What happened

Miss K says that the marker hadn't been added fairly and this has caused her difficulties with her account at a different financial business.

Lloyds said that it wouldn't be removing the marker. Four counterfeit cheques each for £20 had been paid into Miss K's account on 14 October 2019. It had reported this to CIFAS and decided to close her account under the terms and conditions.

Our investigator didn't recommend that the complaint be upheld. Miss K said that she did not pay in these cheques. She said that she had lent a friend money and believed that she was being paid back. But Lloyds had shown that the cheques were deposited using a mobile app and that Miss K had accessed her account online at this time. Miss K had told Lloyds that she hadn't provided her online account and log in details to anyone else. So, our investigator thought that Miss K was aware of these cheques. Lloyds was entitled to decide to close the account.

Miss K didn't agree and said that she wanted an ombudsman to review her complaint. She has explained the anxiety she has been caused by this marker.

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 need to consider whether the report to CIFAS was made fairly. On this point, Lloyds needs to have more than a suspicion or concern. It has to show it had reasonable grounds to believe that a fraud or financial crime had been committed or attempted and that the evidence would support this being reported to the authorities.

Miss K hasn't show she was entitled to these funds or was due to receive this money from a friend. And I'm afraid that what Miss K says about what happened doesn't tie up to the evidence Lloyds has provided. It has shown that these cheques were paid in on the evening of 14 October 2019 using the mobile app which required a log in to Miss K's account. And that there had been an access made to the account online just before that too. Miss K said that all she had provided to the friend was her sort code and account number. But that wouldn't have been sufficient to enable someone else to pay in the cheques in this way. So, either Miss K paid them in herself, or she allowed someone else access to her account to do so. In either case I think she was responsible for what happened and the attempt to benefit from counterfeit cheques. From the call recordings I've listened to with Lloyds and our investigator I know she is aware of whose account the cheques were actually coming from. And I don't think she could reasonably think as a result that these were from the friend she says owed money to her.

Lloyds was entitled under the terms and conditions to decide to close her account and that's not something I would interfere with.

Lloyds says that it applied the CIFAS marker because Miss K received fraudulent funds into his account. So, I've looked at whether Lloyds was fair to apply the marker, based on the evidence it had, and the investigation it carried out. CIFAS guidance says the business must have carried out checks of sufficient depth to meet the standard of proof set by CIFAS. This essentially means that Lloyds needs to have enough information to make a formal report to the police. And that any filing should be for cases where there are reasonable grounds to believe fraud or financial crime has been committed, rather than mere suspicion.

Having reviewed Miss K's account of events and the evidence Lloyds has provided, I'm satisfied that Lloyds had sufficient evidence for the CIFAS marker to be recorded. In coming to this view, I've taken into account the following reasons:

- Miss K received fraudulent funds into her account.
- She was in control of who was going to have the benefit of this money.
- Lloyds had grounds to believe that Miss K attempted to benefit from fraudulently obtained funds based on the evidence it had.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 29 June 2021.

Michael Crewe
Ombudsman