

The complaint

Miss R complains that Metro Bank PLC (Metro Bank) closed her account and registered a fraud marker against her name.

What happened

What Miss R says

Miss R says that in February 2020 she received an email from Metro Bank saying that after reviewing her account it had decided not to offer her banking facilities. Metro Bank gave Miss R seven days' notice of the closure of her account. Miss R called Metro Bank the day she received the email to find out why it was closing her account and was told her account had been used for fraudulent activity. Miss R told Metro Bank she had been checking her account and nothing had been paid in or out.

Miss R says she has no knowledge of any fraudulent activity on her account. She has explained that the closure of her account has caused her significant difficulties as she has been unable to open an alternative account and has experienced delays in respect of her student finance. Miss R would like Metro Bank to reopen her account and remove the fraud marker.

What Metro say

Metro Bank say Miss R opened an account in October 2019. As a result of concerns Metro Bank began to monitor Miss R's account from 15 February 2020 and after this it was notified by another financial institution that on 18 February 2020 an attempt was made to make a fraudulent credit of £1,600 into her account. As a result, Metro Bank say it acted in accordance with the terms and conditions of Miss R's account in closing it and added a Cifas marker.

Our investigation so far

The investigator who considered Miss R's complaint didn't uphold it. In summary, she said that Metro acted reasonably in closing Miss R's account and adding a Cifas marker. This was because:

- Miss R hasn't provided a plausible explanation for the attempt to credit her account with funds.
- Miss R set up a new payee using a one-time passcode the day before the attempted credit when she had £1.45 in the account. No funds were ever transferred to the new payee.
- When Metro Bank spoke to Miss R about the account closure it was clear she was monitoring payments into the account. If Miss R was expecting a genuine payment the investigator said she'd expect Miss R to question what would happen to it.
- Miss R's version of events had changed over time.
- The above points, together with the fraud report from the third-party bank saying its customer had been the victim of fraud, led the investigator to conclude Metro Bank acted reasonably in closing the account and adding a Cifas marker.

Miss R didn't agree with the investigator and asked for an ombudsman to review her complaint. In summary, she said:

- When the investigator spoke to her she didn't explain herself clearly. Miss R explained that during the time her account was open she received regular payments of £150 to £200 from her dad in cash and she paid some of this into her account. At the time that Metro Bank closed her account she was expecting a transfer from her dad instead, because of the pandemic. But she only expected to receive £150 to £200 and certainly not £1,600.
- Miss R says she didn't receive a text message about a new beneficiary and didn't know her account was being monitored.
- Miss R questioned why she is being blamed for the actions of another in paying funds into her account and asked what would happen if the funds weren't fraudulent but were, for example, a present.

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 CIFAS marker

The type of Cifas marker that Metro Bank asked to be applied is for 'misuse of facility' – relating to the account being used to receive fraudulent funds. In order to file such a marker, Metro Bank isn't required to prove beyond reasonable doubt that Miss R is guilty of a fraud or financial crime, but it must show that there are grounds for more than mere suspicion or concern. Cifas guidance says:

- *“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; [and]*
- *The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police.”*

So, I need to decide whether I believe Metro Bank had sufficient evidence to conclude that the money sent to Miss R was as the result of a fraud, and that on balance she was deliberately dishonest in relation to this, such that Metro Bank would be able to escalate its concerns to Cifas. I think Metro Bank was entitled to do so, I'll explain why.

Metro Bank has provided evidence from another bank to say that its customer was tricked into paying money into Miss R's account as part of a scam. Miss R denies any knowledge of how these funds came into her account. So, the question that remains is whether, on the balance of probabilities, I consider Miss R was involved in the transfer of these funds and whether she was deliberately dishonest.

I consider Metro Bank acted reasonably in registering a Cifas marker because:

- The attempted credit of £1,600 was unusual for Miss R's account. The account was opened with a cash payment of £90 but after that the most that was paid into the account was £60 in cash.
- The day before the attempted fraudulent credit Miss R set up new payee at a time when she had a balance of £1.45 in her account. On balance, I'm persuaded that Miss R set up this new payee as I've seen evidence that demonstrates she was provided with a one-time password to do so. I appreciate Miss R says she didn't receive this, but I'm satisfied from the evidence I've seen that it was sent. No

payment was made to the new payee at the time. The fact Miss R set up a new payee suggests to me that she was expecting to receive funds and that she intended to pass at least some of these funds on. Miss R has not provided an explanation for why she set up a new payee at this stage.

- When Miss R called Metro Bank to find out why it had decided to close her account, she raised the fact that she had been checking her account and nothing had been paid in or out. Whilst it is expected that a customer will review their accounts regularly, Miss R wasn't receiving regular credits like wages or benefits into the account. The comment suggests Miss R was expecting a payment into her account.

The closure of Miss R's account

It is generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer whose account has been closed by a bank.

Banks should however, give reasonable notice before closing an account. In this case, Metro Bank closed Miss R's account with seven days' notice. In doing so, I consider Metro Bank applied its terms fairly. The terms say,

"For any of the reasons set out below, we may:

- *suspend, stop or reduce a service, facility or an account we provide;*

We may take any of this action for the following reasons:

- *if we think that:*
 - o *there has been fraud or other suspicious activity involving your account (or we suspect this to be the case.)"*

Given what I have said above in respect of the Cifas marker, it's clear that I consider Metro Bank had reason to suspect that Miss R's account was being used for fraudulent purposes.

Miss R has queried what would happen if the funds weren't fraudulent but were a present. In these circumstances there wouldn't have been a fraud report from another financial institution and Miss R would be able to evidence where the funds came from, so there wouldn't be a problem. For completeness, I will also add that Metro didn't need to tell Miss R it was monitoring her account.

Overall, I consider Metro acted fairly and reasonably in closing Miss R's account and in registering a Cifas marker.

My final decision

For the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 15 March 2022.

Jay Hadfield
Ombudsman