

The complaint

Miss A is unhappy that Starling Bank Limited placed a fraud marker against her name.

What happened

Miss A had an account with Starling. In March 2021 Starling received two reports from third-party banks informing it that Miss A had received payment from one of its customers that was as a result of fraud.

Starling restricted Miss A's account and looked into the allegations made. Having done so, it concluded that it would close Miss A's account—providing 7 days' notice—and loaded a fraud marker against her name on the Cifas database.

Miss A later discovered the marker placed against her name and made a complaint to Starling. She told it that she had suffered domestic abuse at the time of the incident and hadn't authorised the payments in or out of her account.

Starling looked into Miss A's concerns but didn't think the evidence available supported Miss A's testimony. As such, it decided to retain the marker held against her name.

Miss A asked our service to look into things again. An Investigator looked into the evidence provided by both parties and contacted Starling to inform it of Miss A's vulnerabilities. As a gesture of goodwill, Starling agreed to remove the marker from the Cifas database, but it didn't agree compensation was justified. It pointed out that Miss A was unable to provide any supporting evidence regarding her circumstances.

The Investigator agreed with Starling. He found that Miss A was unable to provide any evidence to support the testimony she'd given and that she'd provided conflicting accounts. Therefore, he felt the removal of the Cifas marker was a fair outcome in the circumstances.

Miss A disagreed. She felt the Cifas marker had a detrimental impact on her and worsened a number of medical conditions she was suffering with. She also had financial accounts closed and was unable to open others, which she relied upon due to her vulnerabilities. Miss A felt that this justified compensation in the circumstances.

As Miss A disagreed with the Investigator's assessment, the matter has been passed to me for a final decision.

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 order for a business to load a Cifas marker against a person's name, it must adhere to the guidance set out by Cifas in its handbook. Among other things, members of Cifas must be satisfied that the following evidential requirements are met prior to loading a marker:

- There are reasonable grounds to believe a fraud or financial crime has been

- committed or attempted, and;
- That the evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject [Miss A] to the police.

Broadly speaking, my interpretation of these requirements is that a member can't report a customer based on mere suspicion. There must be strong evidence to show that the customer was deliberately dishonest in the conduct.

Here, it's clear that the first of the above two points had been met. Starling received two reports from two separate banks that Miss A had received funds into her account that'd originated from fraud. Both sending accounts reported a similar fraud in that they'd paid for pets online and never received them. They also reported that after sending the money, they were blocked from contacting the seller.

I appreciate that this doesn't specifically show Miss A's involvement, but it does support reasonable grounds that a fraud had been committed. So, I've gone on to consider if Starling met the second requirement above.

Starling did carry out an investigation prior to loading the marker against Miss A's name. It contacted Miss A and asked what her knowledge and involvement in the fraudulent activity was. This was done via written communication through an online chat facility on her mobile banking. Starling received a response that the payment was a gift from a family friend. Starling did ask for evidence to support this testimony, but none was provided. It then went ahead and loaded the fraud marker against Miss A's name and closed her account.

Miss A has since said that it wasn't her communicating with Starling on the chat. She's told our service that she was in an abusive relationship at the time and that her ex-partner had control of her phone. However, Starling wasn't on notice of this at the time. It had no reason to disbelieve it was talking to Miss A through the secure chat and hadn't been previously informed of Miss A's circumstances and vulnerabilities. So, I don't find it was unfair of it to place the marker at this time. It had two confirmed reports of fraud and an unevicenced defence: and this meets the requirements set out by Cifas.

Miss A later complained to Starling and on this occasion informed it that she was suffering domestic abuse at the time. Starling asked for any evidence Miss A had to support this and was supplied with a crime reference number and an officer's name. However, Starling was unable to corroborate Miss A's testimony using this information as it didn't have the relevant permission to contact the police on Miss A's behalf.

I recognise that this placed both parties in a very difficult position. Miss A was unable to supply any further information to support her testimony and Starling was unable to verify Miss A had been a victim rather than a willing participant in the fraud.

I recognise that Starling could have followed up on Miss A's testimony further and tried to get more information from her to decide either way. But even had it done so, it would have been left in the same position considering Miss A doesn't possess any further evidence to support her testimony.

However, our service has disclosed Miss A's health conditions to Starling and asked it to reconsider its position. And Starling has taken this on board and decided to remove the marker. I think this is a fair outcome in the circumstances and I'm pleased to hear Starling has recognised the impact the marker was having. But I think it's unreasonable to expect Starling to pay compensation for the impact the marker had consider it has adhered to the standards expected from Cifas when loading the marker. And I don't think it can be held liable for not knowing Miss A wasn't the person corresponding with it when it questioned the

activity.

For the above reasons, I find that the removal of the marker is the fairest outcome in the circumstances of this complaint for both parties.

Furthermore, for the same reasons, I find that the account closure was also fair. Starling wasn't aware of Miss A's vulnerabilities at the time it closed the account. It had received a report of fraud and had been provided an unsupported explanation about the activity from what it thought was Miss A. This posed a significant risk to the bank, and in line with its terms and conditions was fairly closed to prevent any further criminal activity. Starling also took the additional measure of providing 7 days for Miss A to find alternative banking arrangements rather than closing the account immediately.

I realise that this placed Miss A into difficult circumstances considering her health concerns. But Starling was unaware of these at the time and had to weigh the risk the account posed to the bank with the impact the account closure would have had on Miss A.

For the above reasons, I won't be asking Starling to do anything more.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 26 April 2022.

Stephen Westlake
Ombudsman