

The complaint

Mr G is unhappy that Lloyds Bank PLC applied a Cifas marker against his name.

What happened

Mr G held an account with Lloyds. In August 2020, Lloyds received reports from a third-party bank that four payments were attempted to Mr G's account which weren't authorised by the account holder. None of the payments were successful in reaching Mr G's account.

Due to the information received, Lloyds decided to place blocks on Mr G's account. Mr G contacted Lloyds and confirmed he wasn't expecting the funds into his account. He also confirmed that no one else had access to his account and that he was still in possession of his bank card.

Lloyds decided to close Mr G's account—providing 65 days' notice—and loaded a Cifas marker against his name for misusing his banking facility.

Mr G discovered the marker after it began to impact his other financial accounts. So, he complained about the marker and asked Lloyds to remove it.

Lloyds looked into Mr G's complaint but didn't uphold it. It said Mr G was logging into his account regularly around the dates the payments were attempted. It also pointed out that it would be highly unlikely for a fraudster to credit Mr G's account with the stolen funds if they could later access them.

Mr G remained unhappy with the outcome. He maintained that he knew nothing about the attempted credits into his account and highlighted that the marker was having a significant impact on him.

An Investigator at our service looked into the evidence provided by both parties and concluded that the Cifas marker wasn't applied correctly. They pointed out that there wasn't sufficient evidence to corroborate Mr G's involvement in the criminal activity reported. He also highlighted that Mr G didn't seem to login to his account anymore than he normally did on the day of the transfers. They recommended that Lloyds remove the marker and pay £500 in compensation for the impact caused.

Lloyds accepted the recommendations set out in the Investigator's assessment. But Mr G felt that the compensation recommended didn't fully reflect the impact caused. As Mr G didn't accept the Investigator's findings, the matter has now been passed to me for a 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.

Lloyds has agreed to remove the Cifas marker held against Mr G's name. So, it's no longer necessary for me to comment on this issue. But Mr G says that the impact caused to him by

the marker was significant. He therefore wants a higher compensation award to reflect this.

Mr G has provided a number of examples of how he was impacted by the marker. Some of these include:

- Refusal of a bounce back loan for his business
- Closure of a number of financial accounts
- Refusal of financial applications
- Personal circumstances such as accommodation and credit score

Firstly, I think it's important to acknowledge that the impact of a Cifas marker can be significant. But even despite this, calculating the impact can be a complex and difficult task.

While Cifas markers can be taken into consideration when closing an account or refusing an application, it is the responsibility of the business taking this action to ensure that the marker is applied accurately prior to considering it in any decision.

I must also consider that while businesses may cite a Cifas marker as a reason for the action it's taken, it can't be guaranteed that this was the sole reason, or if the application would have been declined for another reason; even if the Cifas marker wasn't present.

Here, Mr G can confidently evidence a number of applications being declined, and on some, this has specifically given the Cifas marker as a reason. It's also clear that number of accounts were closed soon after the application of the marker. So, I'm persuaded that there was clearly an impact caused by the marker here. But I don't think Lloyds can be held responsible for all of the declined applications. Mr G did have other adverse information recorded on his credit file that impacted his credit score. And while Mr G says that these other adverse markers were also a result of the Cifas marker, I'm not persuaded that they were. These were due to non-payment of credit which can't be attributed to a fraud marker.

So, while I acknowledge that the marker has clearly has an impact on Mr G, I don't find that it can wholly be attributed to Lloyds error of applying the marker.

Mr G has also highlighted on a number of occasions that the marker impacted his ability to obtain a bounce back loan. However, Mr G hasn't been able to evidence any consequential loss to his business as a result of the declined application. And it would be unfair for this service to direct a business to pay for a loss that can't be supported by evidence.

The £500 recommended in the Investigator's assessment for the impact caused falls into our fourth highest bracket for distress and inconvenience caused. We typically award compensation of this amount where the impact of an error causes *"considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact."*

I find that the Cifas marker did cause Mr G significant inconvenience and disruption. And I also find that the error caused this over an extended period of time that exacerbated his upset and worry about his financial situation. As such, I find the £500 recommended to be fair in the circumstances.

I realise Mr G is unhappy with this sum, but I don't find it reasonable to award further compensation for consequential losses he cannot evidence. However, he was significantly impacted by the marker, and I think the £500 recommended is a fair reflection of this.

Putting things right

Lloyds has already confirmed that the Cifas marker has been removed. Mr G has also verified this in correspondence to our service.

Lloyds should now go ahead and pay Mr G £500 for the distress and inconvenience caused by the marker being placed against his name.

My final decision

For the reasons I've given above, I uphold this complaint and direct Lloyds Bank PLC to pay Mr G £500 in compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 May 2022.

Stephen Westlake
Ombudsman