

The complaint

Mr O complains that Lloyds Bank Plc closed his account and recorded a CIFAS marker against his name. CIFAS is the UK's fraud prevention agency.

What happened

In March 2019 Mr O opened an account with Lloyds. Later that month the account was credited with a payment for £4,900; most of that money was transferred out of the account just over an hour after arriving.

The payment into the account was later identified as fraudulent. This was reported to Lloyds by the other bank on behalf of their customer in May 2019.

Lloyds discussed this with Mr O at the time and he said the money was a loan from a friend to help him set up a business and start selling goods. Lloyds say Mr O was unable to give them the name of the person who loaned him the money.

Lloyds closed Mr O's account and placed a CIFAS marker against his name. Mr O complained, he didn't think it was fair that there was a marker against his name nor that his account had been closed. When he referred the complaint to this service, one of our Investigators looked at it but thought that Lloyds had acted fairly. Mr O didn't agree and asked that an Ombudsman review the complaint.

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'm satisfied that another bank reported to Lloyds that the credit made into Mr O's account was as a result of fraud and I think it's reasonable for them to rely on that information. But the bar to place a CIFAS marker is high. Lloyds must have reasonable grounds to believe that fraud or financial crime has been committed or attempted. They must also have sufficient information such that they could report matters to the authorities. In this case, I think there was enough information for Lloyds to do so and I don't think they acted unfairly by reporting to CIFAS as they did.

I say this because Mr O transferred the bulk of the funds from his account very soon after they had arrived. This is something that is commonly seen with fraudulent payments being moved from account to account to try to hinder recovery efforts. And whilst this on its own might not be sufficient justification – I also think it's implausible that Mr O would have received a business loan of nearly £5,000 from a friend, and that he'd be unable to share the name of the friend or any other documentary evidence to support his version of events with Lloyds when asked about the payment.

I'm also satisfied that the terms of Mr O's account with Lloyds enable them to end their business relationship with him – just as Mr O would be free to choose who he banks with. I don't think Lloyds exercising their discretion to do so is unfair in the circumstances of this complaint. Overall, I don't think Mr O has been treated unfairly by Lloyds and so I'm not going to tell them to do anything further to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 19 July 2022.

Richard Annandale
Ombudsman