

## **The complaint**

Mr N complains that Lloyds Bank PLC closed his account and added a marker at CIFAS, the national fraud database.

## **What happened**

Mr N says he contacted Lloyds in March 2021 to complain about a CIFAS marker. This related to a payment he had received into his account in May 2017. And he says that this was for the sale of an item. Since then Lloyds has removed the marker and offered him compensation of £250 which he thinks is insufficient. And it won't reinstate his account.

Lloyds accepted that it could have handled the matter better and asked for more evidence to confirm that Mr N had delivered the item at the time. It apologised for the poor service and paid Mr N £250. Lloyds said that it wouldn't be offering him an account and had considered a lot of information when making that decision.

Our investigator didn't recommend that Lloyds do anything further. Lloyds had already removed the marker. The compensation was reasonable. She said that if Mr N had any evidence of why this should be higher he should provide it. And Lloyds was entitled to close the account.

Mr N didn't agree. He said that this had affected his credit record, his ability to access other financial products and to apply for a job he wanted. He wanted the account to be reinstated, Lloyds actions and breach of protocol investigated and a recognition of the impact on his mental health and of the distress caused to him. It hadn't been fair to close his account and he wasn't contacted. He had been accused of wrongdoing. He said that his credit report is now completely clean, and he has had to contact other parties about this matter with proof and evidence that the marker is removed. He said that this had caused him years of problems and that he was being discriminated against.

## *My provisional decision*

I issued a provisional decision on 4 July 2022. I set out below what I said.

It wasn't in dispute here that Lloyds didn't have grounds to apply the CIFAS marker. There is a high bar for a marker, and it needed to have more than a suspicion or concern. It had to be able 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.

Given the marker has been removed I didn't need to look in any more detail at Lloyds's processes to make a fair decision about this complaint. This service isn't the regulator and provides informal dispute resolution. I saw no evidence of any discriminatory behaviour.

In order to add a CIFAS marker Lloyds needed to have withdrawn the relevant product. That was Mr N's current account. It gave him notice on 15 May 2017 that this was blocked and would be closed. It has given Mr N the impression that this related to other factors and that it

oughtn't to have opened the account in the first place. I didn't accept that as a reasonable explanation here. His basic bank account was opened on 8 March 2017 and that was based on Lloyds' assessment of Mr N at that time. What changed was the report of him receiving a fraudulent credit. I didn't have evidence that his account would otherwise have been closed. So, I considered he was then inconvenienced by this happening.

I was unclear what alerted Mr N to the CIFAS marker in 2021. But based on his testimony dealing with this marker caused him distress and inconvenience. I noted that the marker was removed by Lloyds on 26 March 2021.

Mr N has referred to the potential impact of the marker over an extended period. I didn't have supporting evidence about that. But if he was for example turned down for other applications then I thought that he might reasonably have looked into why that was at the time. And I didn't know what additional information about his background and history might have been taken into account by other businesses. The presence of a CIFAS marker shouldn't lead to automatic refusal and businesses need to make their own assessments. And there is no evidence that this CIFAS marker alone resulted in any applications being declined.

A further complaint point of Mr N is that Lloyds wouldn't reinstate his account on removing the CIFAS marker. I'd expect it consider this but not to disclose exactly how it made a decision about it. I'd seen information to show that it approached that decision in a reasonable way. And so, I didn't consider it can fairly be required to open a new account for Mr N.

I appreciated that Mr N doesn't think £250 is sufficient compensation to reflect the impact for him. I didn't have evidence of any financial loss. But I'd set out above the elements of inconvenience he was caused, and I accepted that when he found out about the marker he would have been distressed. I'd taken into account our published guidelines about compensation and applied my own judgement in light of what happened. Having done so I considered that fair compensation would be a total of £400 - so a further payment to him of £150.

### **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 said that it accepted my provisional decision.

Mr N said that he accepted the compensation. But that he wanted Lloyds to remove any internal markers that were stopping him obtaining an account in the wider Lloyds business group. He said that his credit record was clear and that he hadn't committed fraud. Mr N said that he is able to access products from other financial business. He wants any markers removed by Lloyds.

I set out in my provisional decision that I thought that Lloyds had approached Mr N's application for an account in a reasonable way. It is a matter for its commercial discretion whether or not to offer an account. And it is entitled to make that decision on the information available. So, I won't be reviewing what it has recorded about that internally. And even if as Mr N suspects there are internal markers recorded I don't need to look into those to resolve *this* complaint fairly. I note Mr N has said he can access products elsewhere.

As a result, I'm not going to be departing from the conclusions of my provisional decision.

**My final decision**

My decision is that I uphold this complaint in part, and I require Lloyds Bank PLC to:

- 1) Pay Mr N a further £150 making total compensation of £400.
- 2) Remove any external fraud markers it has recorded relating to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 8 September 2022.

Michael Crewe  
**Ombudsman**