

## **The complaint**

Ms D is unhappy that Barclays Bank UK PLC closed her account without notice and hasn't given a reason for their decision.

## **What happened**

Ms D held an account with Barclays. In December 2020, Barclays received a report from another bank to inform them that Ms D had been the recipient of fraudulent funds. Barclays carried out an investigation and decided to end their relationship with Ms D. The account was closed, and Barclays registered a Credit Industry Fraud Avoidance System (CIFAS) marker against Ms D.

Ms D noticed she wasn't able to use her account in late December 2020. She said this caused issues as she wasn't able to pay her rent. Ms D explained that her flat mates paid money into her account, and she paid the rent on their behalf but wasn't able to because of the block. Ms D also realised she was struggling to open other bank accounts.

Barclays investigated things and asked Ms D about the fraudulent money which was paid into her account and withdrawn. Ms D told Barclays the payment was from a friend, and she was expecting it – but couldn't provide proof of entitlement, or her friend's name. Barclays' decision remained and the complaint was referred to our service.

Our investigator reviewed things and didn't think Barclays had done anything wrong. He explained that Ms D's statement supports the version of events linked to the fraudulent payment being for the sale of a bike which was never received, and Barclays had acted appropriately in the circumstances.

Ms D didn't agree. She confirmed she had never sold a bike and didn't have a bike to sell. Ms D provided statements of support from the friends she shared her property with.

As an agreement couldn't be reached, the complaint has been passed to me.

## **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've looked at whether it was fair of Barclays to apply the marker, based on the evidence and what the rules say about applying such markers.

### *Was the fraud marker applied fairly?*

When a business is a member of CIFAS it can record a marker against an individual customer when that customer has used their account fraudulently. This type of marker will stay on record for six years and will usually make it difficult for a customer to take out new financial products as Ms D has encountered. In order to file such a marker, Barclays aren't required to prove beyond reasonable doubt that Ms D is guilty of a fraud or financial crime, but they must show that there are grounds for more than mere suspicion or concern. CIFAS

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.”

What this means in practice is that a bank must first be able to show that either there was an attempt to put fraudulent funds into Ms D’s account or fraudulent funds have entered Ms D’s account and were either moved on or retained. Secondly, the bank will need to have strong evidence to show that Ms D was deliberately dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. But a marker should not be registered against someone who was unwitting; there should be enough evidence to show deliberate complicity.

It’s not in dispute that the funds that entered Ms D’s account, however Ms D has said she believed the payment to be from her friend – and therefore didn’t know they were fraudulent.

So, I have carefully considered whether Barclays could conclude she was deliberately dishonest in the receipt and utilisation of these funds. Having done so, I do think there is enough evidence to suggest that Barclays could reasonably conclude Ms D had been deliberately dishonest. I’ll explain why:

- I haven’t seen any evidence of reports of unauthorised use from Ms D to Barclays at the time the account was used when she became aware of the CIFAS marker.
- The contact notes from Barclays show Ms D confirmed the payment was from her friend but wasn’t able to provide proof of the entitlement or provide her friend’s name.
- Ms D, through her representative, has confirmed to our service that she had no intention to sell a bicycle – or ever had one to sell. She has also provided statements to support this from the friends she shares her property with.
- Ms D’s statement shows money which entered her account held the reference ‘bike’ and therefore this supports the fraud report Barclays received. Ms D then withdrew this money on the same day it was received.
- Ms D hasn’t provided a reasonable explanation as to why a friend who’s name she doesn’t know sent her money with the reference ‘bike’, and why she withdrew it.
- Ms D has confirmed it was her who withdrew the money – and so there is no question that someone else may have had access to her account.

In summary, I’m satisfied that by her own admission Ms D withdrew the fraudulent money which entered her account and hasn’t given a plausible explanation as to what the money was for, or who sent it. Based on all of the available evidence and arguments, I’m more persuaded that Ms D was an active participant in what happened. So, I think it was fair for Barclays to register the appropriate fraud marker.

#### *Account closure*

Barclays are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Based on what I’ve seen, I’m satisfied Barclays were acting in line with these obligations when reviewing, blocking, and subsequently closing Ms D’s account.

Barclays are required to regularly review the relationships they hold with their customers and it's often appropriate for certain transactions to be reviewed. In Ms D's case, money paid into her account was raised as suspicious, so I'm pleased to see Barclays took the action to block any further activity on the account while they investigated things. Barclays received information from the sending bank which they have shared with our service in confidence. I'm satisfied based on the evidence I've seen that Barclays were entitled to close Ms D's account and did so by complying with the terms and conditions of the account. Therefore, I can't reasonably say Barclays did anything wrong when deciding to close Ms D's account.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 31 January 2023.

Hayley West  
**Ombudsman**