

The complaint

Mr H complains that National Westminster Bank Plc unfairly closed his account and lodged a fraud marker against him.

What happened

Mr H was selling items through several online marketplaces and NatWest received a report from another bank that Mr H's account had received funds (£1,500) that were the result of fraud. NatWest asked Mr H about the funds he received. He said he'd sold some shoes after receiving a phone call from a man who arranged for the money to be sent to Mr H's account.

Mr H believed the shoes were to be sent to another country, but when he tried to contact the "customer", they appeared to have disappeared. NatWest explained to Mr H about the risk of receiving funds that were from third parties and educated him about being used as a conduit for stolen funds.

Over the next few months, Mr H's account was again used to receive funds (over £8,000) from various scams. The account activity showed those funds being utilised by Mr H, often with large outbound transfers to remove the money from the account shortly after receiving the scammed funds.

Mr H was again asked to explain some of these payments and told them he was selling car parts after his main business activity had slowed down due to covid.

NatWest decided to close Mr H's accounts and gave him notice. They also lodged a marker against him with CIFAS – a fraud prevention organisation.

Mr H was unhappy with the closure of his accounts and complained to NatWest about the issue. Mr H provided details of various sales of items he claimed were linked to the incoming payments. NatWest didn't change their position and Mr H then brought his complaint to the Financial Ombudsman Service for an independent review where it was looked into by one of our investigators.

Both parties were asked for information about the complaint and Mr H explained that he was approached by a person who was interested in a business relationship to act as a "middleman" for the sale of some of his goods. Mr H described how he would sell items and receive funds that were directed by this person. Mr H also noted that he was undergoing various medical treatments.

NatWest provided details of Mr H's accounts and the reports they received from other banks concerning the fraudulent payments. After considering the evidence, the investigator thought that NatWest's actions were reasonable and didn't uphold Mr H's complaint. In their report they commented that:

- There was little evidence of the sale of items claimed by Mr H.
- The incoming payments had references on them linked to the fraud rather than the

reason Mr H gave for receiving those funds.

- The payments were utilised through use of the account debit card or bank transfers to other accounts.
- The accounts that sent the funds didn't match the arrangement Mr H had described. There were no international payments supporting his assertion that he was selling some of his items to an international buyer.
- NatWest met the required standards to lodge the CIFAS marker.
- NatWest followed the terms of the account when they closed it.

Mr H disagreed with the investigator's outcome and asked for a further review of his complaint which 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.

There are two aspects to this complaint, the CIFAS marker and the account closure. I'll deal with them in turn.

CIFAS

As explained in some detail in the investigators report, before NatWest can lodge a marker with CIFAS, they have to satisfy certain standards. In summary this means that NatWest have to have reasonable grounds to believe a financial fraud or financial crime has been committed or attempted and that the evidence is clear, rigorous and relevant.

Once they received information about the scams from the other banks, NatWest had reasonable grounds to believe a financial fraud had taken place.

In relation to the evidence they obtained, NatWest didn't refer Mr H to CIFAS for some time, even after he'd received some of the fraudulent funds and spent them. On the first occasion they asked him about what had happened, and he explained about the sale of some shoes. NatWest's records show they educated him concerning the use of his account as a "money-mule". This is where an account is used to facilitate the movement of fraudulent funds to frustrate recovery efforts by the authorities.

NatWest continued to receive reports about other fraudulent payments entering Mr H's account. So, at this point, I think Mr H was aware of the dangers of the arrangements he was involved in because he'd already been advised by NatWest about it.

It would be difficult to meet the required standards if the incoming funds weren't utilised, and that's because the account holder can't prevent a payment being sent to their account. But here, on several occasions, the funds were removed from the account soon after they were received, which is often a sign that the account owner (here Mr H) had more knowledge of the arrangement, as opposed to just selling items through an online marketplace.

There's little evidence of the version of events described by Mr H and there's some conflict between what he says was the arrangement and the nature of the incoming funds (which bore references related to the various different scams used to defraud the victims). It seems unlikely that he wouldn't notice that the senders of those funds weren't involved in the

purchase of his items for sale. It's also usual in such purchases to pass messages about the sale and delivery/collection of the items. If the sales were legitimate, I would have expected to see some evidence of them.

Having reviewed the evidence and how NatWest approached the situation, I think it was reasonable for them to lodge the fraud marker against Mr H because they met the appropriate standards laid down by CIFAS.

Account closure

The terms of NatWest's arrangement with Mr H enabled them to close the account without notice if they suspect it was being used for illegal purposes. Once NatWest collected evidence about the account use and lodged a marker with CIFAS, they also had sufficient evidence to close the account immediately. I'm satisfied that NatWest's actions were in line with the agreement they had with Mr H.

Overall, I'm satisfied that NatWest took appropriate action concerning the way that the account was being used. I'm satisfied that they met the CIFAS criteria to lodge the marker and the account closure was in line with the terms of the account. Whilst I was sorry to hear of Mr H's health difficulties, I won't be upholding this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 April 2023.

David Perry
Ombudsman