

The complaint

Mr M has complained Zopa Bank Limited lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In 2021 Mr M was told by Zopa that they were closing his credit card account. They also lodged a fraud-related marker on his record with CIFAS for the misuse of the account.

Mr M found that other accounts he tried to open were then closed and found it difficult to open another bank account. This increasingly caused him distress.

In 2023 Mr M complained and asked Zopa to remove the marker. Zopa didn't feel they'd done anything wrong and refused to remove this.

Mr M brought his complaint to the ombudsman service.

Our investigator reviewed what had happened but believed there was insufficient evidence to show Mr M was committing a financial crime. She asked Zopa to remove the CIFAS marker.

Unhappy with this outcome, Zopa has asked an ombudsman to consider Mr M's complaint. Our investigator rejected Mr M's claim that compensation should be paid. Mr M wants that to be reviewed too.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

It is clear what the requirements are prior to lodging a marker. Specifically:

"That there are reasonable grounds to believe that a Fraud or Financial crime has been committed or attempted.

That the evidence must be clear, relevant and rigorous."

So Zopa must be able to provide clear evidence that an identified fraud was being committed and Mr M was involved.

There's also a requirement that Zopa should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Zopa. This confirms Mr M raised his concerns about transactions on his account and believed they'd not been his.

It's clear from Mr M's testimony to our service that he was gambling at the time and was concerned that his credit card didn't offer him any ability to switch that option off.

Zopa believed Mr M had raised fraudulent chargebacks and rejected those.

I appreciate what Zopa has told us. But I'm not convinced they've provided sufficient evidence that Mr M made fraudulent claims particularly when I note from Mr M's credit card account that these transactions were then paid in full by him. I've seen nothing to suggest that Zopa made any detailed investigation into Mr M's claim.

The requirements around banks lodging markers at CIFAS include there being sufficient evidence that the customer was aware and involved in what was going on. It's also clear that there's a high bar for banks and credit providers to lodge markers. I'm not satisfied this exists here from reviewing the evidence provided by Zopa.

On this basis I believe it's fair and reasonable to ask Zopa to remove the fraud-related markers in Mr M's name.

I've considered what Mr M has said about his inability to get further credit or secure a bank account. I'm sure this will have caused him distress. I'm also aware from Zopa's evidence that this CIFAS marker may have not been the only one on Mr M's record so I don't believe it would be fair to ask Zopa to provide any compensation.

My final decision

For the reasons given, my final decision is to instruct Zopa Bank Limited to remove any fraud-related markers they have lodged in Mr M's name.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 September 2024.

Sandra Quinn
Ombudsman