

The complaint

Miss N complains that Barclays Bank UK PLC has unfairly closed her account and had a fraud prevention marker recorded against her.

What happened

On 3 October 2022, Barclays received a claim for payment from another financial institution of around £800, credited to Miss N's account on that date. It put a block on the account while it investigated and it was subsequently informed by the institution providing the payment that its customer had been the victim of a scam. Despite Barclays carrying out investigations, Miss N was unable to tell it about the source of the funds credited to her account. Miss N later visited a branch of the bank and advised that she had applied for a loan with, a cryptocurrency trader (M), and that this was the reason for some small payments into her account from M .

Following its investigation Barclays decided to close Miss N's account. It also applied to CIFAS (fraud prevention service) for it to enter a fraud marker against Miss N's name .

Miss N complained to Barclays about the closure of her account. It said it was justified in closing the account but could not give her the specific reason.

On referral to the Financial Ombudsman Service, our Investigator concluded that it was reasonable for Barclays to apply to CIFAS to record a fraud marker, and that he was satisfied the terms and conditions allowed it to close her account for the same reason.

Miss N did not agree and the matter has been passed to me for an Ombudsman's consideration.

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 understand that Miss N is upset for two reasons, firstly that Barclays closed her account and secondly that it had a fraud marker placed against her name by CIFAS.

I understand that Miss N's account was initially blocked arose because she received a payment into the account which had been advised to Barclays was related to a customer from another financial institution who had been the victim of a scam.

Miss N went into the bank to explain that she had applied for a loan from a cryptocurrency trader. I understand that she told Barclays that as it was initially rejected this meant that small instalments then had to be paid into her account. She gave Barclays to understand that she believed that she herself was the victim of a scam. However that is contradicted by the evidence I've seen which shows that she was trading on cryptocurrency platforms. Essentially also Miss N has not been able to show that the £800 she received came from a legitimate source.

CIFAS marker

Our Investigator has set out to Miss N the criteria that CIFAS use when deciding whether to enter a marker against a particular person. These are that:

“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.”

I'm satisfied that Barclays carried out detailed checks of Miss N's account activity. And more particularly that it gave her the opportunity, on several occasions, to show in particular that the alleged payment of fraudulent funds into her account was the result of the digital trading on her part. Regrettably she has been unable to provide any information about the source of those funds either to Barclays or to this service. Under the circumstances I think that Barclays acted appropriately in applying to CIFAS to enter the fraud marker.

closure of the account

I'm generally satisfied, from the evidence I've seen, that Barclays was entitled to close Miss N's account. It isn't required to give a full explanation for this. But I think that it was reasonable for Barclays to believe that Miss N had received apparent fraudulent funds into her account and that she hadn't given an adequate explanation for it. I have noted that she has since told us that she was trading in cryptocurrency and have shown us some evidence of transactions. But she didn't tell Barclays this and it doesn't give an explanation for the receipt of allegedly fraudulent funds.

So regrettably I must find that Barclays acted reasonably in applying to CIFAS for a fraud marker to be placed against Miss N's name and in closing her account.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 16 August 2024.

Ray Lawley
Ombudsman