

The complaint

Mr D has complained Lloyds Bank plc lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In 2023 Lloyds closed all of Mr D's accounts. They'd lodged a fraud-related marker on his record with CIFAS.

Mr D complained and asked Lloyds to remove the marker. Lloyds didn't feel they'd done anything wrong and refused to remove this.

Mr D brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and believed Lloyds's evidence was sufficient to lodge the CIFAS marker. She'd considered Mr D's testimony in support of his complaint but didn't believe this demonstrated he didn't know what was going on.

Mr D disagreed with this outcome. He's asked an ombudsman to consider his complaint.

I completed a provisional decision on 13 June 2024. I didn't believe Lloyds had sufficient evidence to lodge the marker.

Mr D accepted this outcome although feels compensation is due for the inconvenience caused. No response was received from Lloyds.

I now have all I need to complete my final 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.

Having done so, I've reached the same outcome as I did in my provisional decision. I'll explain why.

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

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous.”

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

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

I've seen the evidence provided by Lloyds. This confirms they had received notification from a bank in September 2022 of a credit of £150 into Mr D's account following the sale of goods. These goods were said to not have been received.

There'd been a similar occurrence in November 2021 when the customer decided not to pursue their claim.

Lloyds blocked Mr D's account. They explained to him that they required evidence to show that he'd supplied the goods he'd sold for £150. Mr D said he provided this, but Lloyds never received anything. Lloyds confirmed they'd be closing his accounts (although this wasn't completed until 2023) in line with their terms and conditions.

Mr D has never disputed he sold various goods on different online marketplaces but has told us these were always supplied.

The evidence here, that Lloyds has supplied, does not appear convincing. Whilst I accept they may have evidence that a customer of another bank felt they'd sent money to Mr D without receiving any goods, I've seen nothing to show this was done by Mr D with any fraudulent intent. Nor has Lloyds provided anything to show this. I appreciate they didn't receive any evidence from Mr D showing he sent goods as agreed. At the same time, I'm not surprised Mr D no longer has any evidence to share with our service 18 months on.

I appreciate why Lloyds may not wish to offer Mr D an account if they were concerned at the number of disputes raised. However, this doesn't mean that a fraud-related marker should be raised against him.

Based on the evidence I've seen, I believe it's fair and reasonable to ask Lloyds to remove the CIFAS marker from Mr D's record.

I've also considered whether Lloyds should pay any compensation to Mr D. I don't think that would be fair. I say this because Lloyds did give Mr D an opportunity to provide evidence that he'd sent the goods in dispute. I don't believe he did so.

My final decision

For the reasons given, my final decision is to instruct Lloyds Bank plc to remove any fraud-related markers from Mr D's name.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 August 2024.

Sandra Quinn
Ombudsman