

The complaint

Mr O complains that TSB Bank plc has treated him unfairly by closing his account due to it seeing a marker about him on his Cifas file.

What happened

Mr O had a current bank account with TSB. In July 2023 Mr O applied online to open a savings account with TSB.

Two other businesses which I will refer to as I and S, placed a marker on Mr O's Cifas. The markers were registered in his company name and against him as an individual in February 2023.

As a result of this Cifas marker TSB decided to close Mr O's current account and declined his savings account application. TSB said that following a review of his accounts, it was unable to continue as his bankers.

TSB wrote to Mr O in July 2023, to give him formal notice that in 60 days' time, on 1 July, his accounts would be closed. During the notice period TSB blocked Mr O's account. Mr O was unhappy because the letter didn't give a reason for the closure.

Mr O has said that he has been the victim of identity theft and discovered the markers after he had other bank accounts closed. In July 2023 he contacted Cifas to explain what had happened. As a result, the marker loaded by business I, was removed. And a protective registration marker was recorded, which highlighted Mr O had been the victim of ID theft. However, the marker loaded by business S wasn't removed.

Mr O complained to TSB. Mr O said that his other bank had listened to him when he had told them what had happened and offered to reopen his account.

TSB investigated and decided it hadn't done anything wrong. In TSB's final response, it said that it had had an alert that another bank had uploaded a record about Mr O on an anti-fraud database. It investigated the alert and decided to stop providing him with banking facilities. and having reviewed the decision, it had been the correct decision in line with its policies.

Mr O wasn't satisfied and complained to this service. He said TSB had made no effort to contact him about his concerns, and had judged him to be guilty without offering him the opportunity to prove his innocence. He wanted an apology, and compensation for the trouble and upset he'd suffered when he'd been without any banking facilities.

He said being without banking facilities for this period had meant:

- He'd not been able to have his wages paid into his account.
- As he didn't have a working debit card, he'd had to borrow and carry cash.
- It had caused him a great deal of stress and inconvenience.
- He lost control of his bills because his standing orders and direct debits were

impacted.

- He went into debt because he had to use his credit card and had no other bank accounts.
- TSB told other banks about closing his accounts which led to them being closed.
- TSB continued to send him marketing material for loans and allowed him to keep his credit card account, despite him not having an account to make his repayments.

One of our investigator's reviewed Mr O's complaint. As part of his review, he asked Mr O for more information about the markers and set out the circumstances that led to them being uploaded to TSB. TSB maintained its position and said the marker loaded by business S, was still in place and it was entitled to rely on that information.

The investigator didn't uphold Mr O's complaint. They said TSB had acted fairly when it had closed Mr O's account, because of the information which it had seen another bank had recorded against Mr O. And said TSB had closed Mr O's account in line with the terms and conditions of the account.

Mr O wasn't satisfied and asked for an ombudsman's decision. So, the matter has come to me to decide.

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.

First, this decision only relates to Mr O's complaint against TSB. Mr O has also complained about another bank which closed his account after discovering the marker against him on the anti-fraud database CIFAS.

The two complaints, about two different banks, are dealt with separately. This decision relates only to whether or not TSB treated Mr O fairly and reasonably.

Cifas is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. Another two financial organisations had recorded a marker against Mr O's name and his business. Business S recorded a marker under the category of '*Misuse of Facility*' and business I recorded a marker under Cifas category '*False Application*.'

Mr O subsequently contacted Cifas and obtained information about which organisation had recorded information about him. The marker recorded by business I was, amended to a protective registration, which showed Mr O had been the victim of ID theft and impersonation. However, the marker recorded by business S remained on Mr O's Cifas file. And it was this marker that TSB have relied on when making the decision to close Mr O's account.

Banks can close a customer's account if they wish to, and don't have to give a reason – in the same way that customers can choose to close an account and don't have to give a reason. But banks can also close accounts without giving notice in some circumstances.

This is set out in the terms and conditions of Mr O's TSB accounts:

" 11.2 If we decide to suspend or stop providing our services

For any of the reasons set out below, we may:

- *suspend, stop or reduce a service, facility or an account we provide*

...

We may take any of this action for the following reasons:

...

If we think that:

- there has been fraud or other suspicious activity involving your account (or we suspect this is the case)

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- you have used, are using or getting, or may use or get a service or money illegally, fraudulently or improperly, or that someone else acting on your behalf may do so

...

we may close an account, or stop providing a service or facility or end this agreement. We may do this immediately or if we are taking this action because you have broken your obligations under this agreement after the end of any notice that we have to serve you under the Consumer Credit Act 1974, as amended."

Having looked at all the evidence and circumstances, I consider that it was reasonable for TSB to rely on the Cifas database when taking its decision. It didn't have to conduct its own investigation into why the other organisation had recorded the marker, or whether it was correct. Businesses are obliged to record matters of fact on Cifas and as a consequence TSB was entitled to take action solely based on what Cifas said. And the presence of a Cifas marker relating to fraud, clearly met TSB's terms and conditions for closing a customer's accounts without notice – which I consider is what TSB did here. So, TSB was entitled to close Mr O's account, and I consider it acted fairly and reasonably in all the circumstances of this case.

TSB aren't obliged to describe to Mr O (or any consumers) what Cifas says as this can be retrieved from Cifas itself (which Mr O did). I appreciate that this must be frustrating for Mr O as one of the records that was logged on Cifas has since been removed. And replaced with a protective marker. I've taken on board what Mr O has said about him being a victim of identity theft. However, the marker TSB relied upon is still in place. And the correctness of the logging and the removal isn't the responsibility of TSB. I appreciate that TSB's actions caused Mr O trouble and upset. But since I don't find TSB acted inappropriately when it blocked and closed Mr O's account it wouldn't be appropriate for me to award Mr O any compensation.

Finally, Mr O has also said that he suspects TSB is behind the decision taken by other banks closing his accounts. But I've not seen any evidence that this is the case. I note too that Mr O was upset TSB sent him marketing material for loans, despite deciding to close his account. I can appreciate Mr O would have found this upsetting and frustrating, but I haven't seen any evidence that this wasn't part of TSB usual marketing practices.

My final decision

For the reasons I've explained, 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 O to accept or reject my decision before 4 March 2025.

Sharon Kerrison
Ombudsman