

The complaint

Mr A complains that Starling Bank Limited registered a CIFAS marker against his name after it had closed his bank account. CIFAS is the UK's fraud alert service.

What happened

Mr A held accounts with Starling and at least two other banks. From around the end of 2020 Starling asked him about a number of credits which had been paid into his account.

In June 2023 the Metropolitan Police made a forfeiture application in respect of Mr A's funds. Its skeleton argument in support of the application set out details of payments which had been made into Mr A's account with three different banks (including Starling). The payers had alleged that they had been tricked into making the payments – that is, they had been victims of authorised push payment (or APP) fraud. The application also recorded that Mr A's account with Starling and at least one other bank had already been closed.

The forfeiture application was granted and funds totalling more than £39,000 were frozen. That figure was subsequently reduced to just under £6,500.

Mr A identified that Starling had registered a CIFAS marker against his name. He said it should be removed because he had, as he put it, been found not guilty of all charges. Whilst funds had been returned to him, the CIFAS registration meant that he could not open a bank account.

Starling said that the marker had been correctly registered and declined to remove it. It said in its final response that it appeared Mr A had acted as a "money mule" and explained what that meant and the effect of the CIFAS marker.

Mr A did not accept Starling's decision not to remove the marker and referred the matter to this service.

Our investigator did not recommend that the complaint be upheld. Mr A did not accept the investigator's assessment and asked that an ombudsman review the case.

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, however, I have reached the same conclusion as the investigator, and for similar reasons.

There seems little doubt that Mr A's Starling account was used to receive funds from individuals who had been victims of APP fraud. That was the basis on which the forfeiture application was made and granted. Whilst that order was later amended, the underlying reasons behind it did not change.

It may be that, as he says, Mr A was an innocent victim of fraud, although he does not seem to have lost out as a result – save to the extent that he may have difficulty opening new accounts.

I note that Mr A says that he has been cleared of all charges. However, I am not aware that he has been charged with any offence; the forfeiture proceedings were not criminal proceedings against him, even though his own conduct was in issue and relevant to the outcome.

Be that as it may, Starling does not have to show criminal conduct (still less a conviction) before it can register a CIFAS marker. It is sufficient for it to show that there are reasonable grounds to suspect fraud or that a financial crime has been committed or attempted. In my view, that was a reasonable view for the bank to take. It follows that I don't believe there are grounds for me to require the removal of the CIFAS marker.

My final decision

For these reasons, my final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 October 2024.

Mike Ingram

Ombudsman