

The complaint

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

What happened

In mid-2024 Mr A was told by Lloyds that they were initially blocking and then closing his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr A subsequently discovered the CIFAS marker and complained to Lloyds.

Lloyds didn't feel they'd done anything wrong and refused to remove the marker.

Mr A brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and wouldn't ask Lloyds to remove the marker.

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

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:

“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 A 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 received notification from another bank about their customer who'd been scammed into sending £150 to Mr A's account as the result of a ticket scam. So firstly, I can see that Mr A had no right to these funds.

As soon as these funds hit Mr A's Lloyds account, he transferred the money to another of his accounts. I've also seen the evidence which shows £150 was then sent to Mr B, a friend of Mr A's.

Mr A has told us he'd provided his account details to someone he'd known for about a year (this is Mr B). Mr B had then confirmed he'd be getting payments made into Mr A's account and Mr A confirmed he'd send this money on to Mr B. One of these initial small value payments (£1) was sent into Mr A's account but also asking Mr B to pay the sender back. Mr A was concerned about what Mr B was doing and decided not to let him do this again.

When Mr B asked a few months later to send some money on that was being paid into Mr A's account, Mr A told us he repeated his concerns. But then did send on the £150.

Mr A has noted Lloyds didn't raise his entitlement to these funds before lodging the CIFAS marker. He's right. Lloyds should have done this. However, that doesn't mean to correct that error, I'd ask CIFAS to remove the marker. I say this because I can see what Mr A did tell Lloyds about this £150 – that he was receiving a payment in advance of himself and Mr B going on a night out together. This was obviously not true.

And this is the issue. Mr A tells us he was concerned about what Mr B was doing. But at no stage did he call Lloyds and say – after receiving £150 that he knew wasn't his – he'd received £150 in error.

I've also looked at Mr A's history of use of his Lloyds savings account. Whilst I don't dispute that he was unable to use it for savings as he didn't have sufficient funds, he was only using it to receive relatively small-value credits from different named individuals. After this money was received, Mr A always transferred it on leaving no money left in the account.

I know Mr A argues that his account use wasn't anything unusual, but I disagree. It resembles what I often see when someone is allowing other individuals to use their account. I believe Mr A was well aware that not all these transactions were above board.

I've considered all of this and I don't believe Mr A.

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. In this case I think this most likely exists here from reviewing the payments made into Mr A's Lloyds account.

On this basis I don't believe it would be fair and reasonable to ask Lloyds to remove the CIFAS marker.

My final decision

For the reasons given, my final decision is not to uphold Mr A's complaint against Lloyds Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 December 2024.

Sandra Quinn
Ombudsman