

The complaint

Mr B has complained Tesco Personal Finance PLC, trading as Tesco Bank lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

Mr B opened a current account with Tesco in January 2019. Tesco then closed Mr B's account in May after undertaking a review and deciding they no longer wished to have him as a customer. They also lodged a fraud-related marker on his record with CIFAS.

Mr B subsequently discovered the CIFAS marker and complained to Tesco.

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

Mr B brought his complaint to the ombudsman service.

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

Mr B 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 Tesco must be able to provide clear evidence that an identified fraud was being committed and Mr B was involved.

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

I've seen the evidence provided by Tesco. This shows they decided to close Mr B's account after he'd made three fraud claims about cash withdrawals he said he'd not made. Tesco believed they had sufficient evidence to show Mr B had made these withdrawals as they could see his use of both his older debit as well as his replacement debit card for genuine transactions around the same time as the cash withdrawals. They also noted Mr B had quickly spent the money Tesco had initially credited back to his account after the fraud claims which left his account overdrawn when Tesco decided to close his account.

I should stress that I've not had access to all of the authorisation data that I would see if I was reviewing disputed transactions but based on what Tesco has shared with us, I can see why they decided to close Mr B's account. I can see that Mr B had most likely no right to these funds.

Mr B has told us he'd not committed fraud and he was concerned that Tesco registered a CIFAS marker related to an address that he'd never lived at. However, I don't believe this is the case as I've seen a copy of Mr B's credit record at the time he opened an account with Tesco. This clearly shows Mr B was registered as a voter at that address and used that address when he applied for this account. I can also see there were County Court Judgements on Mr B's credit record related to this address too.

I have considered Mr B's evidence that he is a vulnerable consumer. He has physical and mental disabilities and receives benefits, so I think it's more than likely at the time of the disputed withdrawals, Mr B was in financial difficulties.

However, I can see that Mr B quickly used the funds that Tesco re-credited to his account after he notified them of the disputed withdrawals. This means that at the end of April, Mr B's account was £440 in debit. At the time Mr B's account was closed, he still owed Tesco money which by that stage was more than £740. Tesco has confirmed that Mr B paid off the money owed in April 2024.

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 Mr B's Tesco account.

On this basis I don't believe it would be fair and reasonable to ask Tesco to remove the CIFAS marker. I note that CIFAS markers can remain on a record for up to six years. This will therefore fall off Mr B's CIFAS record on May 2025.

My final decision

For the reasons given, my final decision is not to uphold Mr B's complaint against Tesco Personal Finance PLC, trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 January 2025.

Sandra Quinn
Ombudsman