

The complaint

X complains that Metro Bank PLC closed his account and registered a CIFAS marker against his name, as a result of which he is unable to open a new account. CIFAS is the UK's main prevention service.

What happened

X had an account with CIFAS. On 8 January 2024 seven payments totalling £2,130.71 were credited to that account. All came from the same payer. On the same day, X made two payments out of the account, one for £1,000 and one for £1,130. They were made to two separate beneficiaries, neither of which was the holder of the account from which the payments had been made.

Metro Bank received a fraud report, claiming that X had not been entitled to the funds which had been paid into his account. On 17 January 2024 it wrote to X to say that it would be closing his account after seven days and that his information might be registered on a fraud prevention database.

X complained about what had happened. He said that he did not know where the money had come from but that a friend had told him he had accidentally transferred the funds and asked that they be returned. He later said that a friend had asked him to forward money to a third party and that he had been surprised when he saw how much was involved.

Metro Bank did not believe it had acted unfairly, and so X referred the matter to this service. One of our investigators considered what had happened and issued a preliminary assessment. He did not recommend that the complaint be upheld. X did not accept the 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.

I shall deal first with the closure of the account. Generally, it is for banks to decide whether to continue to provide accounts to customers, and we won't generally intervene as long as any decision to close an account is made legitimately.

In this case, X's account had been used to receive funds which had been fraudulently taken from a third party's account. In the circumstances, I believe it was reasonable for Metro Bank to decide to close the account – and that is the case, whether or not X knew that the funds were fraudulent.

Banks should give reasonable notice before closing an account. What is reasonable depends on the circumstances, and in most cases a period of 60 days is appropriate. In this case, however, the account was closed after only seven days. The circumstances were, however, rather unusual, but in my view a short notice period was appropriate and fair to X.

I turn then to the CIFAS marker.

X has said that he did not know where the money had come from. However, his account statements would have shown who the payer was, and he would have known they had not come from a friend. It would have been apparent too that they had not been sent by accident; there were seven payments in total. And it was quite clear that X was not returning funds to anyone, since the payments he made were to two different people.

X's later explanation – that he thought a friend was sending him money to send to someone else – does not ring true. He must have known the money did not come from a friend. And in any event, the explanations he has provided are not consistent.

I therefore agree with the investigator that the necessary threshold for a CIFAS registration was met in this case. Even if he did not know the exact details, I think X must have known that his account was being used for fraudulent activity.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 30 December 2024.

Mike Ingram

Ombudsman