

The complaint

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

What happened

Mr A opened an account with Metro in January 2023. In August Mr A was told by Metro that they were closing his account.

Mr A subsequently discovered a fraud-related marker had been lodged by Metro on the industry fraud database, CIFAS. This was causing him difficulties in getting another account and managing his small business. He asked Metro to remove the CIFAS marker. Metro 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. He felt that Metro didn't have sufficient evidence to show Mr A was a participant in fraud and asked them to remove the marker. They would need to refund the funds removed from his account at the time of the fraud. He also asked them to give him £200 in compensation.

Mr A accepted this outcome, but Metro didn't respond. Mr A's complaint has been referred to an ombudsman for decision.

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 Metro 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 Metro should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Metro. This confirms they received a notification from another bank that their customer had made two payments to Mr A's Metro account and disputed these.

Mr A has told us he operated a small tutoring business. He's provided us with a copy of the invoice provided to the other bank's customer detailing the amount owed to him. This matches the amount of the two payments made into his account on 21 July 2023. We shared this information with Metro, but they didn't believe this was sufficient to show the payments Mr A received were genuine. I disagree with Metro.

Mr A has also given us copies of links to training that he provided and copies of invoices to other customers.

I also note that the money he received on 21 July was not removed from his Metro account until his bank removed this and returned this to the sending bank. Whilst Metro suspected Mr A of being a first party money mule, none of Mr A's behaviour matches what we often see in these circumstances.

I'm aware that Metro doesn't understand why Mr A didn't respond to them after they emailed him to query his entitlement to the funds. Mr A has told us he never received the email. And it's certainly the case that he was travelling at the time so I don't believe anything can be read into this.

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 don't think this exists from reviewing the evidence.

Putting things right

On this basis I believe it would be fair and reasonable to ask Metro to remove the CIFAS marker.

Metro removed £576.34 from Mr A's account on 1 August 2023 when they closed his account. They will need to return this to him along with 8% simple interest.

There's no doubt that having bank accounts closed and limiting his access to money would have caused Mr A some distress. I believe, like our investigator, that £200 is fair and reasonable.

My final decision

For the reasons given, my final decision is to instruct Metro Bank PLC to:

- Remove the CIFAS marker in Mr A's name;
- Refund £576.34 to him;
- Add 8% simple interest a year to that amount from 1 August 2023 to the date of settlement; and
- Pay him £200 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 January 2025.

Sandra Quinn
Ombudsman