

The complaint

Mr O complains Nationwide Building Society registered a fraud marker at Cifas, the national fraud database and wrongly closed his account. He doesn't think it's done so fairly.

What happened

Mr O held an account with Nationwide. On 23 June 2023 it was credited with £7,000 from a third party through a bank transfer. The payment into the account was later identified by a third-party bank as originating from fraud.

Nationwide blocked Mr O's account and asked him for more information about the payment.

Mr O said the payment he'd received was from selling a high value watch to a friend. He provided a copy of an invoice for it, listing the item, its value and a signed receipt that payment for it had been received by bank transfer. But Nationwide didn't think this was enough. It loaded a Cifas marker against Mr O for a misuse of a facility. It also exited him as a customer, giving no notice and removed £5,977.09 that remained in the account but wasn't from the original payment, sending it to its sundries account.

Mr O complained about what had happened. However, Nationwide said it wouldn't remove the marker or return the funds without any persuasive evidence to support the payment.

Mr O asked us to take a look and one of our Investigators upheld the complaint. After investigating, she'd found what Mr O had said to be plausible. She noted he had messages with the third party (his friend) about them buying a watch for £7,000. This was two days before the incoming payment. She considered this together with the invoice, which supported what Mr O said had happened. To resolve matters, she recommended Nationwide remove the marker and pay Mr O £100 for the distress and inconvenience caused in closing his account immediately, when his agreement required 60 days' notice to be given. And she also asked Nationwide to return the money it had removed from Mr O's account with 8 per cent interest.

Nationwide didn't agree. It said its terms allowed it to close the account immediately in certain circumstances and it considered those applied here. It also questioned the account activity and the screen shots of the messages Mr O had provided, highlighting these were text messages as opposed to WhatsApp messages, which was how he'd said he'd advertised the watch.

When a consensus couldn't be reached, the case was put forward for a 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.

Nationwide will be aware of what the requirements are on it, prior to lodging a Cifas marker. Specifically, that there must be reasonable grounds for it to believe that a fraud or financial crime has been committed or attempted. And the evidence must be clear, relevant and rigorous. This is key.

So, Nationwide must be able to provide clear evidence that an identified fraud was being committed and Mr O was involved. I'm not satisfied it's done this here. I'll explain why.

- I've seen the evidence provided by Nationwide. In its own notes following receipt of the invoice, it references the evidence provided as "sufficient". I appreciate it may have later changed its view on that, but Mr O has provided messages in the period leading up to the payment, to support he was selling a watch for the price of the payment that was received into his account, which is further supported by the invoice.
- I don't think the fact that these aren't WhatsApp messages is enough to say they aren't satisfactory because they are still exchanges of messages about the sale of the watch and they are also dated over the course of the period in question. It would have been helpful if Mr O could have provided the information earlier, but I don't think Nationwide investigated this matter properly either. I can see there were several interactions between bank staff, asking what more Mr O needed to provide and them chasing on his behalf.
- Mr O has said he no longer has the advert because it was on his WhatsApp status which disappears after a short period. I'm aware that a 'status' is visible only to people in a person's contact list and is known to disappear after 24 hours. So, I find what Mr O has said here is plausible.
- Mr O got another payment from what appears to be the same source the following month, but there's no evidence from Nationwide to say this was reported. I think whilst some of the activity on the account was enough to raise suspicions and I appreciate Nationwide may still have concerns, I don't think it meets Cifas's bar for making the loading, which as I have said is high. Given this, I think the marker needs to be removed.
- I can see Nationwide removed funds that were in the account in November 2023 (£5,977.09) when closing it but looking at the statements, these weren't the original funds from June 2023, from which the fraud report was made. I asked Nationwide whether it had received any other fraud report in relation to this money, but it said it hadn't. Based on this, there doesn't appear to be a legitimate basis for it holding onto the funds. So, I think they should be returned.
- I accept Nationwide's account terms allow it to close accounts immediately in certain situations but given what I've said on the Cifas loading, I don't think it was reasonable to instigate an immediate closure of the account. Of course, Nationwide is entitled to decide if it wishes to offer Mr O banking facilities in the same way he is free to decide if he wishes to bank with it. So, it's perfectly legitimate for Nationwide to end that relationship. But like our investigator explained, the contractual notice in the circumstances should have been 60 days. It appears Mr O had accounts elsewhere, so I can't see he would have been put to any material inconvenience, but there would have still been an element of trouble and upset caused by Nationwide's decision to sever the relationship straight away.

Having regard for what I've said, it's only right that Nationwide should take steps to put things right and I think what the investigator proposed is fair and noting Mr O has indicated he's also prepared to accept this to resolve the complaint.

My final decision

My final decision is I uphold this complaint and require Nationwide Building Society to do the following in relation to Mr O:

- Remove the fraud marker at Cifas and on any other fraud database immediately.
- Return to him £5,977.09 with 8 per cent interest added from 30 November 2023 to the date of settlement. This is to reflect he's been deprived the use of these monies.
- Pay him £100 for inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 10 February 2025.

Sarita Taylor
Ombudsman