

## **The complaint**

Mrs K has complained Lloyds Bank plc lodged a fraud-related marker on the industry fraud database, CIFAS, in her name. They also closed her account.

## **What happened**

In August 2023 Lloyds blocked Mrs K's account. They believed she was potentially a beneficiary of fraudulent funds. They spoke to Mrs K and told her they'd decided to close her account after a risk assessment. Lloyds then lodged a fraud-related marker on her record with CIFAS.

Mrs K subsequently discovered the CIFAS marker as she was having difficulties in opening further accounts so complained to Lloyds.

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

Mrs K brought her complaint to the ombudsman service.

Our investigator asked Lloyds for additional evidence along with their customer notes which would confirm what funds Mrs K had received and what the claim was about, but this was not forthcoming. Based on the evidence she'd seen from Mrs K, including messages with the person who'd sent her the funds then re-claimed them, she asked Lloyds to remove the CIFAS marker and pay Mrs K £200 compensation for the difficulties she'd had in opening further accounts.

Lloyds didn't agree and Mrs K'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 Lloyds must be able to provide clear evidence that an identified fraud was being committed and Mrs K was involved. This means that they must have more than a suspicion or a concern that Mrs K may be 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 notifications from customers of other banks that money had been sent to Mrs K's Lloyds account as the result of being scammed.

Mrs K has shown evidence to us that she uses a crypto platform (who I'll call B) to trade currencies. She agreed to sell a certain amount of dollars, but the trade wasn't completed in time and cancelled. She then still received two payments from two separate accounts which she hadn't expected. I've seen evidence that shows she told these individuals to make a claim through B and Mrs K would repay the funds.

It's difficult when considering trading on B in any complaint exactly who is defrauding whom. Fraud seems unfortunately not unknown. This is why I'd like to have seen the evidence Lloyds had from other banks. This has not been forthcoming despite being requested on numerous occasions.

On the other hand, I've seen Mrs K's evidence that shows she was trading on B and was willing to return funds. I'm not convinced that these funds were necessarily fraudulent or that Mrs K would have been aware of that.

What I need to be sure of when considering the lodging of CIFAS markers is that Mrs K was aware of the fraud and involved. I've seen no evidence of this.

I don't believe Lloyds has provided sufficient evidence, as required by the CIFAS rules, to show Mrs K was complicit in any fraud. I appreciate she traded on B, where fraud can occur. This also wasn't the first time that Lloyds had had concerns about payments into Mrs K's account. So I can understand they've made the decision to close her account as they didn't wish to continue having a relationship with a customer who presented the level of risk Mrs K did to them.

Lloyds will be aware that the rules which set out how we operate provide our service with the power to make decisions in the absence of evidence. In this case, we have repeatedly asked for this evidence from Lloyds but in fact have heard nothing from them over several months. I am therefore satisfied that I can proceed with making my decision.

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.

### **Putting things right**

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

I note Lloyds paid Mrs K £30 as they didn't respond to her in September 2023. This was around the time they placed the CIFAS marker on her account. And since then, Mrs K has had difficulties opening a new account.

I believe it would be fair and reasonable for Lloyds to pay Mrs K a further £200 in compensation for the trouble caused.

### **My final decision**

For the reasons given, my final decision is to instruct Lloyds Bank plc to:

- Remove the CIFAS marker lodged in Mrs K's name; and

- Pay Mrs K £200 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 24 February 2025.

Sandra Quinn  
**Ombudsman**