

The complaint

Mr A complains that Lloyds Bank PLC unfairly registered a CIFAS marker against his name and won't remove it. CIFAS is the UK's main fraud alert service.

What happened

In April 2024 Mr A opened a number of accounts with Lloyds. On 21 June 2024 he received a payment of nearly £2,600 into one of them. That money was then moved to another of his accounts and £800 of it was withdrawn in cash. On the same day, Lloyds was contacted by the bank from which the payment had been made. It said that its customer had been the victim of a well-known scam and that the money which Mr A had received had therefore been obtained fraudulently.

Lloyds placed restrictions on Mr A's accounts and contacted him to ask him about the activity on them accounts. He said that he had sent money from an account with a different bank to a friend, who then transferred it into Mr A's account with Lloyds. Mr A was unable to provide the friend's full name. The bank asked Mr A to provide a copy of his statement showing the transfer of money to his friend and of the friend's statement showing the payment to Mr A's Lloyds account. Lloyds ended the call with Mr A by saying that it would be closing his account.

On 25 June Mr A went to his branch to discuss the matter. The branch called the bank's fraud department, which asked Mr A what had happened. Mr A explained that, contrary to what he had said previously, he had been coerced or manipulated into letting fraudsters use his account. They had been with him during the previous call, so he had been unable to provide the full picture at that time.

On the same day Lloyds wrote to Mr A to tell him that his account would be closed with effect from 2 September 2024. He could withdraw money from a branch with suitable identification.

In July 2024 Mr A found out that Lloyds had placed a CIFAS loading against his name, on the grounds of "misuse of facility" purposes. CIFAS explained that the entry would remain for three years – rather than the usual six – because of Mr A's age.

Mr A complained to Lloyds, and then to this service, about the CIFAS entry. One of our investigators considered what had happened, but did not recommend that the complaint be upheld. Mr A did not accept the investigator's 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.

Mr A has not complained about the bank's decision to close his account. His complaint is only about the CIFAS entry. He has explained the impact this has had on him, in particular in the light of his plans to begin a career in the financial services industry. I do not doubt that the consequences are serious for him.

Where a bank records information with CIFAS, it needs to have more than a suspicion that its customer is involved in fraud or financial crime. It needs to have sufficient evidence that it could confidently report the matter to the police.

As I have indicated above, Mr A provided the bank with at least two different versions of events. There were inconsistencies too in what he told our investigator, who noted in his assessment that there had been previous occasions when his accounts had been used to make false fraud claims.

I am aware of course that people are sometimes coerced into helping fraudsters and that people can be tricked into allowing others to use their accounts for criminal purposes. In the meeting and telephone call of 25 June 2024 Mr A claimed that he was the victim of one or other or of a combination of these practices. When asked why he did not say that in his initial call with the bank on 21 June, he told our investigator that one of the fraudsters had been with him and had been telling him what to say.

I don't believe however that explanation bears much scrutiny. Throughout the call, Mr A was hesitant and unsure how to answer simple questions. For example, he could not name the "friend" who he said had sent the money to him. If he was being coached by someone who was with him, I think they would have had an answer to that question – even if it was a wrong one. And I think too they would have had a more plausible explanation why the money, which Mr A says originated in his account with another bank, had to be routed through a third party account.

In my view, Mr A either knew or must have had a very strong suspicion that fraudulent funds were passing through his accounts, and that they had been for several weeks. If he was not a willing participant in that, there seems to be no reason why he could not have told the bank what he told it in the meeting on 25 June 2024. In the circumstances, I believe the bank's decision to register Mr A with CIFAS was a reasonable one.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 May 2025.

Mike Ingram
Ombudsman