

The complaint

Miss A has complained Clydesdale Bank plc, trading as Virgin Money, lodged a fraud-related marker on the industry fraud database, CIFAS, in her name.

What happened

Miss A opened a savings and current account with Virgin Money on 12 June 2024. Very soon after she believes she may have lost her debit card. She didn't notice immediately as this wasn't an account she'd used much. She reported her lost card to Virgin Money in July.

At the same time, Virgin Money identified £1,148.51 worth of suspicious transactions into Miss A's savings account. They also identified a payment of £1.45 she'd made to another account in her name. They notified her they were closing her accounts about the same time as they issued her with a new debit card.

In September 2024 Miss A's accounts with Virgin Money were closed.

Miss A discovered that her other bank had been notified by Virgin Money of a fraudulent payment into her account, and they then also closed her account. She discovered there'd been a CIFAS marker placed on her record. She asked Virgin Money to remove the marker. Virgin Money didn't feel they'd done anything wrong and refused.

Miss A brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. He noted that Miss A said she'd lost her card and had evidence a further device had been set up to access her account. He felt Virgin Money has sufficient evidence to lodge a marker in Miss A's name. He wouldn't ask Virgin Money to remove the marker.

Miss A disagreed with this outcome. She asked an ombudsman to consider her complaint.

I completed a provisional decision on 23 May 2025. I believed Virgin Money had insufficient evidence to lodge the CIFAS marker and asked them to remove it.

Virgin Money accepted this outcome. Whilst Miss A was pleased about that aspect, she asked that I consider whether compensation should be payable. She mentioned that her main account had been closed as a direct result of Virgin Money's actions, and she'd missed an opportunity to complain about the actions of her other bank. She felt this process had had *"a serious and prolonged impact on [her] financial position, personal wellbeing and peace of mind"*.

I now have all I need to complete my final 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 I did in my provisional decision. 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 Virgin Money must be able to provide clear evidence that an identified fraud was being committed, and Miss A was involved. This means that they must have more than a suspicion or a concern that Miss A may be involved.

There's also a requirement that Virgin Money should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Virgin Money. This confirms they identified 19 credits, totalling £1,148.51, as potentially fraudulent. A customer of another bank had been the victim of an impersonation scam although this evidence wasn't included within Virgin Money's submission to our service. They've also confirmed Miss A sent £1.45 – which was fraudulent – to another account in her name. However, the account statements Virgin Money provided does not include this transaction so I can't see the timing of this in comparison with other transactions.

I'm prepared to accept – despite the lack of evidence – that these credits didn't belong to Miss A. But this isn't the full story.

Miss A has told our service that she lost her debit card and then reported this to Virgin Money. I've listened to at least four different calls between Miss A and Virgin Money where she repeatedly reports this but it's unclear on these calls whether and when this occurred and what action Virgin Money then took. There's certainly no identification that this loss, along with a new device being set up on her account, could be linked.

She's also admitted she sent £1.45 to her other account but she believed this credit was linked to a promotional offer that she signed up for when opening her accounts. I note this is just £1.45, but it's also true to say that this money wasn't actually hers.

Miss A knows her access was blocked to her account and has consistently told us she called Virgin Money to say she'd noticed credits totalling £1,148. Unfortunately the quality of the numerous phone calls Virgin Money shared with us is not great, nor is the service Miss A was getting during these calls. She continually had to repeat basic information and, as far as I can see, was repeatedly passed elsewhere.

I'm aware Virgin Money suspects that Miss A was acting as a money mule, but their evidence doesn't go beyond showing a suspicion. I don't believe what they have is sufficient to lodge a marker.

Putting things right

Virgin Money didn't contact Miss A to question her entitlement to the money at the time of the fraudulent credit. Our investigator believed this would have made no difference but I'm less sure about this based on the lack of clarity of the evidence that has been shared.

However, I should add that I can understand why Virgin Money might have had suspicions

about Miss A's account and whether she was a money mule. The simple fact of losing her debit card wouldn't mean that an unknown third party could access her account and link their device to it. Also there is a level of coincidence here which I did consider odd.

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 it's clear this exists here.

On this basis, I believe it would be fair and reasonable to ask Virgin Money to remove the CIFAS marker. I believe Virgin Money has already taken steps to do this and I have informed Miss A of the timescale for this to impact her ability to open further financial accounts.

When completing my provisional decision I considered whether any compensation should be payable to Miss A. I decided against taking into account the comments I have made above.

Miss A has made an eloquent submission in favour of compensation. I have considered this again. And whilst I do agree the marker has had an effect on her, and Virgin Money's service was below par, I am not going to ask them to make any payment to her. I can see why at the time, Virgin Money took the decision they did although obviously they could have questioned her further and didn't. Miss A has said their delay in reaching a decision has meant she can't raise a complaint against her other bank, but I don't believe she would have been stopped from doing so despite Virgin Money's position. I also note that in real terms, the CIFAS marker remained on Miss A's record for a relatively short period of time.

I won't be asking Virgin Money to make any payment of compensation to Miss A.

My final decision

For the reasons given, my final decision is to instruct Clydesdale Bank plc, trading as Virgin Money, to remove the CIFAS marker from Miss A's record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 23 July 2025.

Sandra Quinn
Ombudsman