

The complaint

Miss S has complained Lloyds Bank PLC has offered her inadequate compensation after removing a fraud-related marker from her record on the industry fraud database.

What happened

In late 2019, Miss S was a victim of a scam. Three payments were made from her account with Lloyds totalling £2,050. This resulted in Lloyds telling Miss S that they'd be closing her account. They also registered a fraud-related marker on the industry fraud database, CIFAS, in Miss S's name.

Miss S took steps to repay the debt. This was paid off by July 2021.

In 2024 Miss S realised that Lloyds had never properly closed her account as they said they would be doing. She complained to them about her treatment and the impact the marker had had on her.

Lloyds agreed to remove the marker from Miss S's record and paid her £150 in compensation. They also confirmed her account was now formally closed.

Miss S felt this was inadequate and brought her complaint to the ombudsman service. She felt strongly that she'd been the victim of a scam and had lost over £2,000 and was looking for Lloyds to compensate her for what had happened.

Our investigator reviewed the evidence. He accepted Lloyds had meant to close Miss S's account much earlier, but felt they'd done the right thing by now sorting things out. He confirmed our service had looked at a case about the interest she was charged, resulting from the overdraft granted in November 2019 prior to the scam payments made. This meant we weren't able to look at that aspect again and couldn't ask Lloyds to refund her. He confirmed that whilst there had been a CIFAS marker on Miss S's record, it wasn't clear this had had a major impact on her so he wasn't going to ask Lloyds to pay her more compensation.

Miss S remained unhappy about this outcome as she felt she remained seriously out of pocket. She's asked an ombudsman to consider her complaint.

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 a slightly different outcome to our investigator. I've explained my thinking behind this to both Miss S and Lloyds already.

I know Miss S has raised the issue of being a victim of a scam in 2019. I can also see that Lloyds sent her a final response – relating to the interest being charged on her overdraft, which also referred to the scam – which was dated 27 July 2020. Our service also then considered Miss S's complaint and didn't uphold her concerns.

I am not in a position to consider this again. Our rules don't allow us to do so. I know Miss S feels this is unfair. I would just say that I have seen notes from 2019 when Miss S called Lloyds and a payment was originally blocked. It's clear from that evidence that Miss S made those payments, although she may well have been persuaded to make them as the result of the actions of a third party. I can't see anything which would make me review this again or ask Lloyds to take any different action.

I don't need to review the CIFAS marker as Lloyds confirmed this was placed on her record in error so the main aspect I am considering is the impact on Miss S.

I appreciate the evidence Miss S has provided about the financial impact. She has stated she was rejected for other accounts and credit cards during the period the marker was on her record. I don't doubt this was the case. However, Miss S didn't realise this issue existed until complaining to Lloyds about her account remaining open. So I'm unsure about the real impact. If this had been related to the CIFAS marker, I'd have expected credit lenders to have made her aware of this much earlier.

That said I don't believe £150 compensation is fair and reasonable.

Putting things right

I've confirmed to both Miss S and Lloyds that I will be increasing the compensation payable to £300. A CIFAS marker remained on Miss S's record for a period of time and even though I've seen nothing which shows exactly what credit was denied to Miss S, I'd be surprised if there'd been no impact. I feel that £300 is fair and reasonable.

Miss S remains unhappy and I accept this. But I believe this is related to her still believing she's out of pocket from the scam that took place in 2019. This £300 does not relate to the previous issue but what I believe Lloyds should be paying her now for the impact of the fraud-related marker.

I believe Lloyds has already paid her £150, in which case they will have to pay her a further £150.

I know Miss S has concerns about long-lasting effects of any CIFAS marker. I can confirm that once this was removed – which will have been completed in 2024 – there should be nothing to indicate this ever existed.

My final decision

For the reasons given, my final decision is to instruct Lloyds Bank plc to pay Miss S a total of £300 for the trouble caused when a fraud-related marker remained on her record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 1 August 2025.

Sandra Quinn
Ombudsman