

The complaint

Miss M complains that The Co-operative Bank Plc ('Co-op') closed her account.

Miss M adds that the situation has impacted another of her bank accounts and her ability to work.

What happened

In November 2024, Miss M attempted to withdraw funds from her Co-op bank account, in branch. Initially, Miss M's request to withdraw the funds was declined as she didn't have suitable identification.

Miss M then provided a different form of identification to Co-op. The bank explained it would process the identification provided and, in the meantime, Miss M wouldn't be able to access her account.

Co-op subsequently asked Miss M for some details about the activity on her account, including about a large payment that she had recently received from a third party. Miss M explained that the payment was from her uncle to pay a builder for house renovations. Co-op was not persuaded by Miss M's explanation, so most of the funds were returned to the sender and Miss M's account was closed, without any notice.

Miss M contacted Co-op in December 2024 and made a complaint. Miss M said a close friend of hers had asked to use her account, to receive a payment from their uncle so they could pay a builder for house renovations. Miss M said she had given the friend her bank card and account details to receive the payment. Miss M maintained that she was innocent of any wrongdoing and had been mis-led by her friend about the purpose of the payment.

Co-op responded to Miss M's complaint and in summary, it said:

- Miss M's account had been closed in line with the account terms and conditions
- A fraud report had been received from another bank, regarding the large credit that Miss M received into her account in November 2024, which Miss M had initially claimed was from her uncle for house renovations
- Miss M's banking facilities were not going to be reinstated.

Miss M referred her complaint to our service. One of our Investigator's looked into it and asked Miss M for more information about the situation with her close friend, including when she had given them her bank card. Miss M informed our Investigator that she didn't have any additional evidence to provide and maintained that her friend deceived her about the purpose of the funds that were received into her Co-op account. During their investigation, the Investigator also found that Co-op had registered a CIFAS (Credit Industry Fraud Avoidance System) 'misuse of facility' marker against Miss M.

Our Investigator didn't uphold Miss M's complaint. They concluded:

- Co-op closed Miss M's account in line with its terms and conditions
- Miss M had allowed a third party to use her account to receive fraudulent payments
- Based on the information it had at the time, Co-op fairly applied the CIFAS marker.

As an agreement could not be reached, this complaint has been passed to me to decide.

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 have decided not to uphold this complaint. I appreciate this will come as a disappointment for Miss M but I'll explain my reasons below.

CIFAS marker

CIFAS markers can significantly impact an individual's ability to hold and open accounts. And I appreciate Miss M might be extremely concerned that a marker has been filed against her.

My role is to consider if Co-op has met the required standard set by CIFAS, for it to register a marker. Specifically, in order to file such a marker, CIFAS says:

- That there are reasonable grounds to believe that a Fraud or Financial Crime has been committed or attempted
- That the evidence must be clear, relevant, and rigorous

The purpose of the marker that Co-op has registered with CIFAS is to show that there has been a 'mis-use of facility' as it considers Miss M's account was used to receive fraudulent funds.

Co-op must show that there are grounds for more than mere suspicion or concern to file such a marker, but it isn't required to prove beyond reasonable doubt that Miss M is guilty of fraud or financial crime. In practice, this means that Co-op need to demonstrate fraudulent funds have entered or passed through Miss M's account. And having considered the evidence presented by Co-op, I am satisfied that fraudulent funds entered Miss M's account. In addition, Co-op is required to have strong evidence to show Miss M was deliberately dishonest in receiving the funds and knew it was, or might be, an illegitimate payment.

Miss M attempted to withdraw the funds in cash, shortly after they were received into her account. Initially, Miss M told Co-op that these funds were sent to her from her uncle and provided Co-op with evidence to support her testimony, that the funds were for house renovations. Miss M then told Co-op and our service, that her friend had been dishonest and mis-led her to believe that the payment was from their uncle. And that her friend had told Miss M what to say to Co-op, when asked about the payment.

Based on all the information I have; I'm satisfied CIFAS' evidential standard has been met and I'm persuaded that it's more likely Miss M was aware that the funds were not from a legitimate source from the outset.

Miss M says she was doing what her friend was telling her to do, and she knew nothing about the fraud. This means Miss M is saying she was being used as an unwitting money mule. But based on the evidence I've seen, I don't think this is what likely happened. I say that because Miss M has given conflicting accounts of what happened, and I'd expect her to be able to provide compelling evidence that her friend was orchestrating everything and she knew nothing about it. Miss M hasn't been able to provide this information. I also haven't been provided with compelling evidence as to why Miss M did everything her friend told her to without questioning it. So, I find that it's fair for Co-op to retain the marker applied against Miss M on the CIFAS database. Due to Miss M's age when the marker was applied, it will only be held for three years.

Account closure

Banks in the UK, like Co-op are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases even close customers' accounts.

Co-op is entitled to close an account, just as a customer may close an account with it. But it must do so in a way that adheres to the terms and conditions of the account. The terms and conditions of the account says that Co-op can close the account by giving Miss M at least two months' notice. And there are also certain circumstances, where the account can be closed immediately or without notice.

I've considered whether Co-op has acted fairly here and if it met the criteria to apply its terms for immediate closure - and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Co-op did.

I appreciate this will come as a disappointment to Miss M due to the ongoing impact the CIFAS marker and account closure is having on her. But having considered everything, I think Co-op have acted reasonably in the circumstances of the complaint - so I won't be directing Co-op to do anything to put things right.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 June 2025.

Khadijah Nakhuda
Ombudsman