

## **The complaint**

Mr S complains The Co-operative Bank Plc ('Co-op') registered an adverse Cifas marker against him.

## **What happened**

Mr S had a current and savings account with Co-op. In December 2024, Mr S phoned Co-op to request the closure of his savings account. The advisor Mr S spoke to said they could close the account for Mr S during the call. But they incorrectly closed a different customer's savings account because they inputted the incorrect account details when actioning the closure. This led to £2,583.32 erroneously being transferred from that customer's savings account to Mr S' current account on the same day.

After Mr S received the funds into his current account, he attempted to transfer £2,583 the following day, to an account in his name, with a different provider. The payment was stopped for additional checks by Co-op which Mr S was advised over the phone by Co-op when he phoned the bank. Mr S was then transferred to an advisor in Co-op's fraud department about the payment on his request. After a conversation with the fraud advisor, the payment was released, and it was sent to Mr S' external account.

Later that day, Co-op got in touch with Mr S about the payment because it said the customer to whom the funds belonged, raised a query with it. Mr S was sent an email from Co-op which contained several questions regarding whether Mr S knew the person the funds belonged to, what the payment was for, why he's transferred the funds out of his account and other queries to prove entitlement to the funds.

Mr S provided answers to Co-op's questions on the same day. He said he didn't know the person the funds belonged to. Mr S added that he'd been told by Co-op that the funds were from an account in his name. Mr S also later emailed the Co-op and said the fraud department advised him the funds were from his savings account, and he had confirmed his security details with them to transfer the funds to his external account.

Later in December 2024, Co-op closed Mr S' account with immediate effect. It also filed an adverse Cifas marker against Mr S for 'mis-use of facility' of his Co-op account.

Mr S made a complaint to Co-op. It provided its final response in January 2025 and said in summary:

- Mr S immediately transferred the unexpected credit to his account, out to an external account after it was received
- The funds were flagged by Co-op's fraud prevention system and Mr S phoned Co-op to release them.
- Mr S said he moved the funds out of his account because it was confirmed the funds were from a closed savings account. Having listened to a call between Co-op and Mr S, Co-op didn't agree this was the case

- Mr S had initiated the transfer of funds out of his account and during a call on 20 December 2024, it was only mentioned that Mr S had moved the funds internally
- Mr S had acted fraudulently in moving the funds from his account. His account was closed and details passed on to Cifas for misuse of facilities and fraudulent transactions
- The funds had been placed in Mr S' account due to a human error and instead of querying the credit with the bank, Mr S instead moved the funds out of his account, before the error could be rectified

Mr S referred his complaint to our service. He explained the Cifas marker was affecting his ability to open accounts and he was worried about losing his job, if his employer couldn't pay his salary into an account in his name.

One of our Investigator's looked into things and didn't uphold Mr S' complaint. In summary, they said:

- Mr S' savings account had a zero balance at the time it was closed and when Co-op mistakenly transferred another customer's funds into Mr S' current account
- Whilst Co-op had made an error, it was for individuals to manage their accounts and notify the bank if they receive unexpected funds into their account, Mr S didn't do this and instead transferred the funds out of his account
- Mr S should've been aware the funds didn't belong to him because he had access to his mobile banking app which would've shown the savings account balance was zero and the funds didn't come from an account that belonged to Mr S
- Mr S said Co-op informed him the funds were his when he spoke to the bank about the transfer out of his account. But during this call Mr S had queried if the transfer he had attempted to send had gone through and he was informed it was held for checks
- When Mr S spoke to the fraud department, they didn't realise the funds Mr S was trying to transfer had come from an account in someone else's name. And assumed they had originated from Mr S' savings account. When this was mentioned to Mr S, he confirmed the funds were from his savings account
- Co-op had attempted to get the funds back from Mr S' account with a different provider but had only recovered some of the funds
- It was fair for Co-op to have closed Mr S' account and registered a Cifas marker about him. Despite Co-op's errors, Mr S ought to have known the funds weren't his but instead transferred them out of his account

Mr S disagreed. He said the funds were moved from the account he sent the funds to externally, to a savings account with that provider and it should be queried as to why Co-op can't recover the funds. Mr S said he'd removed the funds because Co-op gave them to him and if it had asked Mr S for the funds back, he would've given them back. He felt he was being blamed for Co-op's errors.

Mr S offered to pay the funds back to Co-op. Our Investigator passed this information on to Co-op and it said Mr S should pay the funds back to it, but the Cifas marker would remain in place because he retained a wrongful credit.

As no agreement could be reached, the matter 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 Mr S, but I'll explain my reasons below.

#### *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 Mr S 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.

#### *Cifas marker*

Cifas markers can significantly impact an individual's ability to hold and open accounts. And I appreciate Mr S is extremely concerned that a marker has been filed against him.

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 Mr S committed fraud when he transferred the funds out of his Co-op account.

I acknowledge Mr S says he thought the funds belonged to him because Co-op told him so. And it was Co-op's error which led to the funds being placed in his account. But I haven't seen any evidence to suggest Co-op informed Mr S the funds belonged to him. When Mr S spoke to the fraud team, I think its most likely the advisor assumed the funds Mr S was trying to transfer out of the account had originated from his savings account.

It's apparent that a significant error was made during the closure process of Mr S' savings account in December 2024. And this wasn't realised by Co-op until it was notified by its customer that their funds were missing. But I consider Mr S ought to have reasonably known the funds he received, didn't belong to him, even if he was under the impression from his interactions with Co-op that the bank had told him the funds were his.

The savings account Mr S had requested to be closed, was the only savings account Mr S had with Co-op at the time. The account was opened in May 2024, and during the time it was open, Mr S had transferred £50 into and out of the account in the same month it was opened. Following this, the account had a nil balance until it was closed. Mr S also accessed his online banking before and after he received the funds in question into his account. And from the evidence Co-op has provided, I consider Mr S would've likely seen the balances of his accounts prior to the incorrect transfer of funds into his account, so he ought to have reasonably known the funds didn't belong to him.

I would add too, that Mr S didn't ever have a significant amount in savings with Co-op, which makes me further question why he would've thought the funds belonged to him. And since Mr S had access to mobile banking, which would've most likely shown the savings account didn't have any money in it in December 2024, I think Mr S would most likely have been aware the funds didn't belong to him.

Mr S transferred the funds out of his account shortly after they were received and in doing so, I consider Mr S most likely removed the funds in the knowledge they didn't belong to him. That means Mr S most likely acted dishonestly. When Mr S was questioned about the funds by Co-op, he claimed to have no knowledge that they belonged to someone else. And I think Mr S likely made this false representation to make a gain for himself. So, having considered everything, I find that it's fair for Co-op to retain the marker applied against Mr S on the Cifas database.

I appreciate this will come as a disappointment to Mr S and fully appreciate the ongoing impact the Cifas marker is having on him. But having considered everything I'm persuaded Co-op has met Cifas' required standard, so I won't be asking Co-op to remove the Cifas marker. It follows that I won't be asking Co-op to take any further action.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 November 2025.

Khadijah Nakhuda  
**Ombudsman**