

The complaint

Mrs N complains Starling Bank Limited unfairly blocked and closed her account and wrongly applied a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against her name.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs N held an account with Starling and in July 2024 Starling blocked and reviewed the account. This was due to a report of fraud it had received regarding incoming payments into Mrs N's account in June and July 2024.

Starling asked Mrs N for details of the payments. Mrs N explained she was an administrator for a charity, and the incoming payments were donations to this charity which she transferred over. Mrs N maintained these were legitimate payments and her account hadn't been involved in any wrongdoing.

Starling reviewed Mrs N's comments, alongside the fraud claim and made the decision to close Mrs N's account immediately. Starling also loaded a CIFAS marker against Mrs N for '*misuse of facility*'.

Mrs N raised a formal complaint about the handling of her account and asked for the CIFAS marker to be removed. Starling issued an initial response to Mrs N complaint in November 2024 explaining that it would not remove the CIFAS marker as it had been correctly applied and the necessary CIFAS principles had been adhered to.

Unhappy with the response received, Mrs N referred her complaint to this service. In the submissions made to this service, Mrs N explained she had been treated unfairly by Starling and the lack of information about the fraud claim meant she was unable to properly defend her position and provide supporting evidence. The Investigator reviewed Mrs N's comments and gathered the necessary evidence, and in summary, made the following findings:

- The account closure was fair and in keeping with Starling's legal and regulatory duties.
- Starling closed the account in line with the account terms and conditions.
- The CIFAS marker was fairly applied by Starling. It asked reasonable questions of Mrs N and without further evidence to support her version of events it wouldn't be appropriate for Starling to remove the marker.

Mrs N disagreed with the Investigator's review, and provided further submissions, which included a letter from an individual involved in the charity. The Investigator reviewed Mrs N's additional submissions, but their opinion remained unchanged.

Mrs N didn't accept the Investigator's findings and maintained she had been treated unfairly. As no agreement could be reached the complaint was referred to me – an ombudsman – for a 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.

I appreciate Mrs N was disappointed by the Investigator's opinion. I'd like to reassure Mrs N that I've considered the whole file and what's she's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

Firstly, I am sorry to see Mrs N has had cause for complaint. I don't underestimate the worry and anguish this situation has caused, and also the stress of dealing with the complaint about it. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

Account closure

As a UK financial business, Starling is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Starling needs to restrict, or in some cases go as far as closing, customers' accounts.

As Mrs N is aware, incoming payments into the account were reported as fraudulent and this resulted in Starling blocking the account and asking Mrs N questions. Having carefully considered this, I'm satisfied Starling blocked the account and then closed it in line with the obligations it must adhere to. In addition, Starling is entitled to close an account just as a customer may close an account with it. But before Starling closes an account, it must do so in a way, which complies with the terms and conditions of the account. Having reviewed the terms of the account held by Mrs N, I'm satisfied Starling's decision to close the accounts is in keeping with them and appropriate in the circumstances.

I know Mrs N feels Starling has acted unfairly given the lack of information provided to her about the closure. Ultimately Mrs N would like a detailed explanation as to why Starling took these actions. But Starling isn't under any obligation to provide further details to Mrs N. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Starling has provided is information we consider should be kept confidential. Having carefully considered this information, I'm satisfied Starling acted fairly in deciding to end its banking relationship with Mrs N.

Starling informed Mrs N's intention to close her account. The account remained blocked in this time, which I consider akin to immediate closure. The terms of Mrs N's account allow Starling to close her account immediately in specific circumstances and I'm satisfied the necessary requirements had been met in Mrs N's case. Mrs N says Starling's decision to

close her account immediately caused her distress and inconvenience. I do appreciate this matter would've caused Mrs N some difficulty. However, as explained above, I am satisfied Starling was acting in line with the account terms and its regulatory duties. So although I understand the closure caused inconvenience, I don't consider this to be exceptional in Mrs N's case.

CIFAS marker

As part of its regulatory duties, businesses will use databases to share information. CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Starling is not required to prove beyond reasonable doubt that Mrs N is guilty of a fraud or financial crime, but it must show that there are grounds more than mere suspicion or concern. CIFAS says:

- There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; and
- The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police.

What this means is that Starling will need strong evidence to show that Mrs N has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action. The application of a CIFAS marker can have serious consequences for an individual, so this service expects business to carry out a thorough review of the available evidence.

My role is to establish if Starling has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Mrs N. Starling has provided this service with details of the investigation it carried out following the fraud report it received. This included a detailed review of Mrs N's account activity. It also provided Mrs N with an opportunity to provide her version of events and further evidence. At this stage Mrs N provided details of the charity she was involved with, but she was unable to provide information to substantiate her version of events – such as messages between her and the donor or details from the charity directly. Starling weighed up this evidence, against the details of the fraud claim made, and found the requisite bar had been met for applying the marker. I think Starling acted reasonably in loading the marker against Mrs N based on the evidence it held.

When Mrs N raised her complaint with this service, she reiterated her position that the funds were paid to her and then forwarded onto a third-party provider account as the charity only accepts payments from it. Mrs N says the charity is not based in the UK and is in the process of being registered. I've thought carefully about whether the application of the marker is fair in light of these additional submissions, and I am persuaded it is. Mrs N says she was unable to provide further evidence to support her version of events but has provided a letter from an individual who supported her version of events and said they spoke to the individuals who sent the funds to Mrs N and they are legitimate. I've thought carefully about this evidence, but I don't find it or Mrs N's comments to be persuasive or consistent. If Mrs N was entitled to the funds received, or they were legitimate, I would expect her to be able to provide clear and persuasive evidence to support this, especially given the strict

requirements in place for charitable donations. I therefore don't consider it to be fair or reasonable for this service to direct Starling to remove the marker.

Mrs N says the marker has been applied based on an unverified claim from a third party. However, Starling is under a duty to take such claims seriously and at face value. It is required to gather evidence from both sides – which it did, and assess this in light of its regulatory duties. Mrs N has also asked this service to reach out to the party that has raised the fraud claim, but this is not within our remit, and my review has focused on whether Starling has acted appropriately.

The loading of a CIFAS marker can have serious consequences, and I am sorry to learn of the impact Starling's decision has had on Mrs N. Having reviewed Mrs N's comments and the supporting evidence I don't find these allay the concerns regarding fraud and clearly show Mrs N is entitled to the funds that entered her account. This means I agree that the evidence available equates to more than mere suspicion or concern of fraudulent activity. I therefore find that the marker was loaded fairly.

I appreciate Mrs N will be disappointed with my decision, but I am satisfied Starling acted reasonably in taking this action to discharge its regulatory obligations. I hope my decision provides some clarity around why I won't be asking Starling to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 2 October 2025.

Chandni Green
Ombudsman