

The complaint

Mr K is unhappy TSB Bank plc blocked and then closed his account without any notice and recorded a CIFAS marker against him.

What happened

TSB received a report of fraud on Mr K's account on 10 October 2024 and the account was blocked whilst TSB investigated.

TSB contacted Mr K the following day to ask him to provide proof of entitlement to the two disputed payments for £750 and £450 into his account and gave him 14 days to send in any evidence. Mr K sent in a screenshot of the payment confirmations from the sender of the funds and a signed bill of sale for a £750 used car part.

TSB wasn't satisfied that this showed Mr K was entitled to the £750 and £450 and so recorded a category 6, misuse of facility CIFAS marker, against him. TSB closed Mr K's immediately on 6 November 2024, sending him a letter to confirm this. The account couldn't be fully closed as it was overdrawn at the time.

Mr K was unhappy so complained to TSB, who maintained it has acted correctly in blocking the account and applying the CIFAS marker.

Mr K brought his complaint to our service. Our investigator didn't uphold the complaint. He was satisfied TSB hadn't made any errors in blocking and closing the account. He was also satisfied Mr K hadn't shown sufficient proof of entitlement to the two payments reported as fraud, and so the CIFAS marker was correctly loaded.

Mr K disagreed explaining he's banked with TSB for over 32 years with a clean banking history. He says he was sent two payments by a man known to him who wanted to buy car parts. He sent proof of these payments and the text conversations between him and the buyer. He said he doesn't understand how the person can claim fraud after six months. Mr K explained he is a company director, and the CIFAS marker is causing significant harm to his credit rating.

Because Mr K disagreed, the 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.

Account block and closure

TSB has a wide range of legal and regulatory obligations they must meet when providing account services to their customers. These obligations are ongoing so don't just apply at account opening stage. To comply with these obligations, they may need to review accounts.

Sometimes these reviews will lead to the accounts being blocked and closed. If TSB didn't do this, they could risk serious sanction.

TSB received a report of fraud on Mr K's account and as a result, it was blocked whilst an investigation could be carried out. I'm satisfied TSB was entitled to do this in order to comply with its legal and regulatory obligations. At this point, I would expect an investigation to be carried out without any undue delays, and I can see this was done, with TSB requesting proof of entitlement from Mr K. Once this had been received and reviewed, TSB took the decision to close Mr K's account.

TSB is entitled to decide who it does business with, just as Mr K can decide who he wants to bank with. But it should be noted, that if a financial institution chooses to close an account, they should do so in line with the terms and conditions of the account and their reasons should be legitimate, fair and non-discriminatory.

Having reviewed TSB's reasons for closing Mr K's account and the evidence supplied to justify this, I'm satisfied it was entitled to close Mr K's account immediately and did so in line with the terms and conditions and its legal and regulatory obligations.

CIFAS loading

In order to load a CIFAS marker, TSB isn't required to prove beyond reasonable doubt that Mr K is guilty of fraud or financial crime, but they must show that there are grounds for more than just 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 in practice is that a bank must first be able to show that fraudulent funds have entered the consumer's account. At the time of the CIFAS loading, I'm satisfied TSB had reason to believe this to be the case, as it had received a scam report regarding the £750 and £450 payments.

Secondly, the bank will need to have strong evidence to show that the consumer was deliberately dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. The bank should carry out sufficient checks and give the account holder the opportunity to explain the activity on the account.

TSB asked Mr K for evidence to support his entitlement to the funds. He provided some evidence to show the payments took place for the car parts. However, I'm not persuaded this evidence proves his entitlement to the funds. Instead, these just show the payments were made – something that isn't in dispute. The issue here is whether the car parts were delivered to the buyer by Mr K. He didn't provide any evidence to TSB to show the car parts existed or were shipped or collected, nor has he provided this to our service when asked. Given such large items, I think it's reasonable to expect there to be delivery confirmation in the form of emails or messages with couriers and/or delivery notes.

Given this, I'm satisfied TSB has met the grounds for registering a CIFAS against Mr K and has acted fairly and reasonably in the circumstances.

I appreciate Mr K will be disappointed with my decision and I fully appreciate the impact the fraud marker is having on him. But I am satisfied TSB acted correctly, so it follows that I won't be asking them to take any further action.

My final decision

My final decision is that I don't uphold Mr K's complaint against TSB Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 September 2025.

Sarah Brimacombe
Ombudsman