

## **The complaint**

Mr H complains Barclays Bank UK PLC (“Barclays”) closed his account and applied an adverse fraud marker against him.

Mr H says Barclays’ actions have caused him reputational damage, and significant distress and inconvenience. To put things right, Mr H wants Barclays to remove the fraud marker.

## **What happened**

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

After Barclays received reports from external banks that Mr H had received fraudulent funds into his account, Barclays blocked his account and asked for proof of entitlement to the funds from him. Barclays say Mr H explained the two payments were from friends who owed him money. The account was then unblocked but as a further fraud report was received, Barclays restricted the account again in December 2023.

Barclays asked for more information from Mr H. After reviewing the information Mr H sent it, Barclays explained that it was still concerned about some of the payment activity on Mr H’s account. In February 2024, Barclays notified Mr H by letter that it had decided to close his accounts with immediate effect. In March 2024, Barclays applied a CIFAS (Credit Industry Fraud Avoidance System) ‘Misuse of facility’ marker against Mr H. Mr H says he wasn’t aware of this at the time.

Mr H was later notified by another bank that his accounts with it were being closed, and they signposted him to CIFAS. Mr H then discovered Barclays had applied the marker against him. Unhappy with this, Mr H complained.

Barclays didn’t uphold Mr H’s complaint saying it hadn’t made an error in applying the CIFAS marker and closing the account in the way it did. Mr H referred his complaint to this service and explained that his work colleagues wanted him to buy crypto currency for them and when they lost their money to a scam, they blamed him.

One of our Investigator’s looked into Mr H’s complaint. And they recommended it wasn’t upheld. In summary their key findings were:

- Mr H was the beneficiary of fraudulent funds, and the fraud claims against him haven’t been revoked. Mr H hasn’t provided evidence enough to support his account of how and why the funds were sent to him. Nor has Mr H shown crypto purchases were for the benefit of his work colleagues in the way he says or shown any related correspondence or communications.
- They’re not persuaded Mr H’s colleagues needed him to first purchase the crypto currency and then transfer it to them when he could’ve walked them through the process.

- Barclays loaded the marker fairly in line with what CIFAS say about this and closed the account with immediate effect in line with its terms and conditions of account.

Mr H didn't agree with what our Investigator said. Mr H appointed professional legal representatives. To keep matters simple, I will continue to refer to Mr H in my decision. In summary, Mr H made the following key points:

- Mr H's colleagues' banks didn't allow them to purchase crypto assets, so they asked Mr H to help. The credits weren't retained by Mr H as he purchased the crypto currencies in line with his colleague requests. And these credits were lost when the firm orchestrating the fraud collapsed. This firm was operating a Ponzi scheme and weren't regulated by the Financial Conduct Authority (FCA).
- The application of the marker is an excessive consequence of such minute transactions that weren't of fraudulent intent.
- Pursuant to Sections 2, 3 and 4 of the Fraud Act 2006, the Defendant's conduct must be dishonest, and his intention must be to make a gain; or cause a loss or the risk of a loss to another. There is no evidence to suggest that Mr H was dishonest or that his intention was to make a gain. Additionally, Mr H had been a loyal and responsible customer of Barclays for over 16 years. His intention to help a friend has been misconstrued as participation of a fraudulent scam, when in fact he is a victim of the same scam.

Mr H has also explained the significant impact the CIFAS marker has had on. I'd like to assure Mr H that I have carefully reviewed what his representatives have said about this, and I do not undervalue in any what he has said.

As there was no agreement, this complaint has been passed to me to decide.

### **What I've decided – and why**

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr H, his representatives, and Barclays have said before reaching my decision.

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'll explain why.

### **CIFAS marker**

Barclays say the marker it filed with CIFAS is intended to record there's been a 'misuse of facility' – relating to using the account to receive fraudulent funds. In order to file such a marker, Barclays is not required to prove beyond reasonable doubt Mr H is guilty of a fraud or financial crime, but it must show there are grounds for more than mere suspicion or concern.

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.

What this means in practice is that a financial business must first be able to show fraudulent funds have entered Mr H's account, whether they are retained or pass through the account. Having looked at the information Barclays has given me, I'm satisfied fraudulent funds entered Mr H's account. I have seen several fraud reports from external financial institutions reporting their customers have fallen victim to fraud. I'd add too here that there are varying accounts of the types of fraud being complained of, and this therefore isn't consistent with Mr H's account that his colleagues used him to buy crypto currencies for them as they couldn't. This provides Barclays with grounds for more than mere suspicion or concern.

Secondly, Barclays will need to have strong evidence to show the consumer was deliberately dishonest in receiving the fraudulent payments and knew it was, or might be, an illegitimate payment.

A marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show deliberate complicity. So, I need to consider whether Barclays has enough evidence to meet the standard of proof and load a marker for a misuse of facility with CIFAS.

Having carefully considered the evidence I have, I'm persuaded Barclays has applied the marker fairly. I say that because Mr H hasn't been able to provide evidence of conversations with his colleagues where he agreed to purchase the crypto currencies on their behalf in the way he says he did. Nor have I seen that he transferred the funds to them or anything to show he entered a Ponzi scheme with the now dissolved entity on their behalf and sent this company the funds.

If Mr H's colleagues had all been deceived in the way he says he also has been, then I question why they have all raised different fraud accounts. So based on the information I do have, including what Barclays has provided, I'm persuaded its most likely Mr H knew, or might have known, the funds were illegitimate.

That means I think the marker has been applied fairly and in line with what CIFAS says about applying it. So, I won't be directing Barclays to remove it.

#### Account closure

Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Barclays and Mr H had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Barclays closed Mr H's account with immediate effect. I'm satisfied from its explanation and the supporting information it's provided, that it did so in line with its terms and conditions.

As I don't think Barclays has done anything wrong in applying the CIFAS marker, and in closing Mr H's account, I see no basis in which to award compensation for any distress and inconvenience he's suffered.

**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 Mr H to accept or reject my decision before 30 May 2025.

Ketan Nagla  
**Ombudsman**