

The complaint

Miss W complains TSB Bank plc unfairly 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.

Miss W held a TSB account. In September 2024 TSB reached out to Miss W regarding incoming payments into her account. Miss W provided evidence to explain this payment – she said it was a payment from a friend and provided a copy of their bank statement. TSB reviewed the information alongside the information it held about Miss W's account and the incoming payment. This review led to its decision to close Miss W's account.

TSB issued a notice to close letter on 14 October 2024, which informed her the account would close with immediate effect. Miss W raised concerns about the handling of her account and said she had been treated unfairly. Miss W said she was unable to now open an account for her daughter as TSB have put an unjustified CIFAS marker against her name.

Miss W referred her complaint to this service. An Investigator gathered the relevant evidence and in summary, made the following findings:

- It was appropriate for TSB to restrict Miss W's account whilst it conducted a review.
- TSB asked Miss W reasonable questions regarding the source of incoming payments into her account. The details provided didn't allay the concerns TSB had.
- TSB closed the account immediately, and the account terms and conditions allow for this in specific circumstances.
- TSB met the necessary conditions to load a CIFAS marker against Miss W.

Miss W 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 Miss W was disappointed by the Investigator's opinion. I'd like to reassure Miss W that I've considered the whole file and what 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 Miss W 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 block and closure

As a UK financial business, TSB 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 TSB needs to restrict, or in some cases go as far as closing, customers' accounts.

As Miss W is aware, an incoming payment into the account was reported as fraudulent and this resulted in TSB blocking the account. Having carefully considered this, I'm satisfied TSB blocked the account and then closed it in line with the obligations it must adhere to. In addition, TSB is entitled to close an account just as a customer may close an account with it. But before TSB 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 Miss W, I'm satisfied TSB's decision to close the account is in keeping with them and appropriate in the circumstances.

I know Miss W feels TSB has acted unfairly given the lack of information provided to her about the closure. Ultimately Miss W would like a detailed explanation as to why TSB took these actions. But TSB isn't under any obligation to provide further details to Miss W. 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 TSB has provided is information we consider should be kept confidential. Having carefully considered this information, I'm satisfied TSB acted fairly in deciding to end its banking relationship with Miss W.

TSB informed Miss W of its intention to close her account with immediate effect. The terms of Miss W's account allow TSB to close her account immediately in specific circumstances and I'm satisfied the necessary requirements had been met in Miss W's case. Miss W says TSB's decision to close her account immediately caused her distress and inconvenience. I do appreciate this matter would've caused Miss W some difficulty. However, given the concerns that TSB had I think it acted appropriately in taking the action it did. So although I understand the closure caused inconvenience, I don't consider this to be due any wrong doing on TSB's part.

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, TSB is not required to prove beyond reasonable doubt that Miss W 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 TSB will need strong evidence to show that Miss W 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 TSB has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Miss W. TSB has provided this service with details of the investigation it carried out following the fraud report it received. This included a detailed review of Miss W's account activity. It also provided Miss W with an opportunity to provide her version of events and further evidence. At this stage Miss W provided details of the payment explaining it was from a friend – Miss W said it was payment for a service her partner offered, and the funds couldn't be paid to him as his business account was being set up. Miss W provided a screenshot of her friend's account to support her version of events. However, Miss W was unable to provide further information to substantiate her version of events – such as details of the service offered by her partner. TSB also received further information about incoming payments which added to its concerns about the account usage. TSB weighed up the available evidence and found the requisite bar had been met for applying the marker. I think TSB acted reasonably in loading the marker against Miss W based on the evidence it held.

I can see Miss W has provided details about the impact the CIFAS marker has had on her. The loading of a CIFAS marker can have serious consequences, and I am sorry to learn of the impact TSB's decision has had on her. Having reviewed Miss W's comments and the supporting evidence I don't find these allay the concerns regarding fraud and clearly show Miss W 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 Miss W will be disappointed with my decision, but I am satisfied TSB 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 TSB 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 Miss W to accept or reject my decision before 21 October 2025.

Chandni Green
Ombudsman