

The complaint

Mr M complains Bank of Scotland plc trading as Halifax unfairly closed his account and wrongly loaded a fraud marker against his 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.

Mr M held an account with Halifax which was opened in June 2024. Following incoming payments into Mr M's account Halifax blocked his account and on 7 November 2024 it made the decision to close Mr M's accounts. Mr M raised a complaint about this decision, explaining his accounts hadn't been involved in any fraudulent activity. Mr M also explained information Halifax had recorded about him and his accounts meant his holdings with other financial businesses were closed down. In order to put things right Mr M asked for the information recorded about him to be removed.

Halifax reviewed Mr M's concerns and in its final response letter dated 22 November 2024 it explained that the decision to end its relationship with Mr M was made in line with the account terms and wasn't a decision that was taken lightly. Mr M said he was informed by Halifax that it would not be sharing information with anyone else regarding the closure of his accounts, but he has found a fraud marker against his name.

Unhappy with Halifax's handling of his concerns Mr M referred his complaint to our service. An Investigator gathered the relevant evidence and in summary, made the following findings:

- Some of the information shared by Halifax with this service is confidential and sensitive, so a great deal of detail can't be shared with Mr M.
- Based on the evidence reviewed, Halifax had reasonable cause to record a fraud marker against Mr M.
- Although other accounts with different providers may have been closed due to the markers, this doesn't mean the marker is unfair or should be removed.

Mr M disagreed with the findings and explained that Halifax's actions have had a huge impact on him as other bank accounts have been closed, and he provided Halifax with evidence regarding his account activity. Mr M maintained he hadn't broken any rules and his family's accounts had been affected too.

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 Mr M was disappointed by the Investigator's opinion. I'd like to reassure Mr M that I've considered the whole file and what's he'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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Halifax has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr M, but I'd like to reassure him that I have considered everything that he's told us.

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

In Mr M's case Halifax blocked his accounts due to concerns it had received about incoming payments. I can see Mr M was provided with an opportunity to provide details regarding the activity on the account. As part of this Mr M submitted information regarding his account and referenced that he used it for business purposes. In particular Mr M explained he assisted families with visas and with settlement in the UK. Mr M also explained how he used a third-party trading platform and the incoming payments into the account. I can see Halifax reviewed this evidence alongside the information it held regarding the incoming funds and made the decision to close Mr M's accounts and load a marker. After carefully assessing the evidence, it relied on, I consider this to be a fair decision. I appreciate Mr M's comments that his accounts haven't been involved in fraudulent activity, but I consider the evidence Halifax has relied on to be significant, and Mr M's comments didn't allay the concerns this information raised.

As noted above Halifax has important regulatory duties, and part of this is recording information. The National Hunter and National SIRA databases enable the sharing of information across the financial services industry and beyond in the interests of fraud prevention. This is an important function. However, as there are potential consequences for an individual in having an entry on these databases about them, businesses should only record markers where they have good grounds to do so. The various databases set out what they expect from their members in order for a marker to be recorded.

Synectic Solutions runs the National SIRA database, which is there to help financial institutions prevent fraud. Depending on its concerns, a financial business records a certain type of marker. Halifax has recorded an "inconsistency" marker against Mr M. This type of marker is visible to other members of SIRA. I understand Mr M says he's received inconsistent information about this. Halifax has confirmed that external banks can see the loading, but the database doesn't provide any details about why it was loaded.

The burden of proof for recording an inconsistency marker is not the same as what would be necessary to convict someone of fraud or a financial crime in a court of law. What this means is that Halifax didn't have to prove beyond reasonable doubt that Mr M committed a fraud or financial crime before it could record the marker. It just needed to have a reasonable concern supported by the available evidence.

Having reviewed the evidence Halifax relied on to record the marker, I'm satisfied it should remain. I appreciate Mr M feels it should be removed as he maintains he hasn't done anything wrong, but unfortunately the evidence he has provided to show the activity on his account was legitimate, isn't strong enough for the marker to be removed fully. I understand Mr M has provided screen shots of the crypto exchange platform he used and business details, but these don't allay the concerns held by Halifax and the evidence it has relied on.

Halifax's review of Mr M's account led to its ultimate decision to close the account. The terms and conditions of Mr M's account allow for closure in specific circumstances. Halifax is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Halifax should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. Given its regulatory and legal obligations, I'm satisfied Halifax's decision was made fairly.

I appreciate Mr M will be disappointed with my decision and I fully appreciate the impact the fraud marker is having on him. But I am satisfied Halifax 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 Halifax 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 Mr M to accept or reject my decision before 26 September 2025.

Chandni Green
Ombudsman