

## **The complaint**

Mr H complains Nationwide Building Society (“Nationwide”) closed his accounts and applied an adverse fraud marker against him after receiving a fraud report from another bank. Mr H is also unhappy Nationwide didn’t give him sufficient time to show his entitlement to the alleged fraudulent funds.

Mr H disputes having received the funds fraudulently and says Nationwide’s actions have caused him significant financial hardship, distress, and inconvenience. Mr H also says the marker has prevented him from taking up a role with a bank. To put things right, Mr H wants the CIFAS fraud marker removed.

## **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.

In February 2024, Mr H received £100 into his Basic bank account from an individual – who I’ll now refer to as Miss V. These funds were withdrawn shortly after by Mr H. Nationwide received a fraud report from Miss V’s bank and subsequently blocked Mr H’s accounts and asked him to send it information that proved his entitlement to the £100.

Mr H explained that he had borrowed the funds from Miss V, who was a former student and had promised to pay her back. Mr H sent Nationwide some screenshots of messages with Miss V which he says showed what had happened. But as he changed his mobile phone, he didn’t have evidence of the text messages that showed an agreement had been made with Miss V to borrow the money from her in the first place.

After reviewing the information Mr H sent it, Nationwide decided to close his accounts with immediate effect and notified him of this by letter dated 19 March 2024. Nationwide explained in that letter that it had closed Mr H’s accounts in this way because he had received a credit which had been reported as fraudulent. And Nationwide was unable to obtain satisfactory evidence from Mr H about it.

Unhappy with Nationwide’s actions, Mr H complained. Mr H also complained that Nationwide’s actions had impacted his credit file adversely. Nationwide didn’t uphold Mr H’s complaint. In short, it made the following key points:

- Nationwide closed the accounts with immediate effect in line with its terms and conditions as it didn’t receive sufficient evidence or an explanation.
- Mr H mentioned something was showing on his credit file, but he will need to make enquires with credit reference agencies to look into this further. Nationwide can’t comment on this.

Mr H referred his complaint to this service. He sent a letter from CIFAS (Credit Industry Fraud Avoidance System) which showed a ‘Misuse of facility’ had been applied against him by Nationwide on 19 March 2024. Mr H also explained that he had a very cordial relationship

with Miss V and he'd borrowed the funds for a medical emergency. And that he couldn't repay her because when Mr H contacted her to withdraw the false fraud claim, Miss V had her boyfriend threaten him with violence. Mr H said he reported this to the police who advised him to try and resolve the matter with Nationwide and/or this service.

One of our Investigator's then looked into Mr H's complaint. They initially recommended the complaint was upheld in part. The key points they made were:

- Nationwide acted fairly in closing Mr H's accounts with immediate effect and returned his funds promptly. Nationwide doesn't therefore need to reopen the accounts.
- Nationwide hasn't met the standard of proof required to apply the CIFAS marker because:
  - Mr H has provided some evidence the transaction was subject to a civil dispute.
  - The fraud report doesn't provide clear and rigorous information as to how Mr H obtained the funds, and therefore this isn't accurate enough.
  - Nationwide doesn't have enough information to confidently report the matter to the police.
  - Mr H has provided Miss V's account details as evidence he was planning to repay the funds.
  - The small amount of money adds credence to this being a civil dispute.
- So, Nationwide should remove the CIFAS marker and pay Mr H £100 for the distress and inconvenience this has caused him.
- Mr H said he lost a job offer but he hasn't provided any evidence of this. He also says the account closures led to him falling into rental arrears. But his arrears are £3,500 and he only had around £15 in the accounts, so this isn't plausible.

Mr H agreed with what our Investigator said. Nationwide didn't. The key arguments Nationwide made were:

- Mr H was given enough time to provide evidence and what he did provide wasn't enough as there were no dates or previous conversation streams providing context or any mention of the £100. Nor any mention of Miss V retracting her claim as Mr H says.
- The conversation contradicted what the fraud reported information showed.
- To remove the marker, Nationwide need to see stronger evidence that shows Miss V loaned Mr H the money in the way he says, and the messages between them need to be dated.

Mr H added that his banking job was subject to credit checks, and he lost it due to trying to resolve this complaint with Nationwide. And currently he works for another bank but earns far less. Our Investigator then looked into the complaint again, and they then recommended it wasn't upheld. The key findings they made were:

- Nationwide closed the accounts fairly, and in line with the terms and conditions.
- Nationwide applied the CIFAS marker fairly and met the standards of proof required. That's because:
  - Mr H has been unable to provide sufficient evidence he borrowed £100 from Miss V.
  - The message screenshots Mr H provided don't contain dates – only one does.

- No evidence has been provided which shows Mr H contacted Miss V to retract her fraud claim.
- There's no evidence of who Miss V is and how Mr H knows her.
- They are confident Nationwide had enough information to report this matter to the police.
- So Nationwide fairly applied the CIFAS marker and don't need to remove it.

Mr H didn't agree and sent in more screenshots for our Investigator to consider. Our Investigator said this didn't change their mind. Mr H reiterated previous points but added he could provide evidence of going to the police about the threats of violence he'd received from Miss V's boyfriend.

As there was no agreement this complaint was passed to me to decide. I asked Mr H to provide more evidence which included:

- Evidence from the police that shows he reported the incident of Miss V's boyfriend threatening him with violence.
- A copy of the call recording Mr H has on his phone from Miss V about the money being lent to him.

Mr H has struggled to send a copy of the recording as it hasn't come through in audible format to our systems. He has said this is problematic as he can't download it through the messaging app. He then attempted to send a video of this which shows the clip playing alongside previous messages. Unfortunately, there is no sound.

Mr H has also sent in a report from the police after raising a data subject request with them. Mr H added that to put things right he only wants the CIFAS marker removed and doesn't need any monetary compensation award.

I then sent both parties my provisional decision in which I set out that I was planning on upholding the complaint in part. For ease of reference, here is what I said:

#### Provisional decision

*"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 and Nationwide 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 am planning on upholding this complaint in part. I'll explain why.*

#### The CIFAS marker

*Nationwide 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, Nationwide 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 given to me, I'm not persuaded fraudulent funds entered Mr H's account.*

*I say that because Mr H has now sent three screenshots of messages he purports are between him and Miss V which are consistent with his narrative that she lent him money. It appears Mr H reneged on his promise to pay Miss V back in two weeks and things then got coarse between the two of them because of this. The dates are consistent with the timeline of when the funds would've initially been lent by Miss V.*

*The police report also shows that Mr H approached them in May 2024 and recounts the same narrative as that which Mr H has told this service and Nationwide. To be clear, Mr H says he approached Miss V to make payment of the £100 and for her to revoke the fraud claim with her bank. And that it was at this point her boyfriend got involved and started threatening him with violence by himself and his associates. The police also deemed the issue serious enough to attend their premises.*

*Taking this all into account, I'm persuaded that Mr H's account has been persuasive and plausible and now he has provided enough information to show what he has been saying is most likely accurate. So, I don't think the funds were likely fraudulent. It therefore appears the case that Mr H didn't pay Miss V back when he said he would, and it appears Miss V took the course of actions she did to retrieve the funds as Mr H wasn't responding to her messages for payment.*

*I note the fraud report from Miss V's bank says she disputed the transaction as unauthorised. I haven't seen any other evidence of this particularly of any investigation completed by that third-party bank.*

*I would normally then need to consider if there's strong enough evidence to show Mr H 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. But for the reasons I've explained, I don't need to do this.*

*It follows that I plan to direct Nationwide to remove the marker. Given Mr H's circumstances, I will expect Nationwide to do so with urgency.*

#### *Account closure*

*Nationwide is entitled to close an account just as a customer may close an account with it. But before Nationwide 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 Nationwide 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.*

*Nationwide closed Mr H's accounts with immediate effect. I note one account was a savings one and the other a Basic bank account. To close a Basic bank account, Nationwide must take into account the provisions of the Payment Account Regulations 2015, which set out when a Basic account can be closed. Pertinently they say where "the consumer has knowingly used, or attempted to use, the payment account for illegal purposes".*

*Based on the information and reasons I've already commented on above, I would find that Nationwide didn't have enough evidence to say this was the case. But based on the information Mr H provided Nationwide at the point it conducted its review, I'm satisfied Nationwide acted fairly and in line with its obligations, and including the terms of the account, when closing the accounts with immediate effect.*

*I'm planning on directing Nationwide to remove the marker with expediency which should allow Mr H to open a new account with a new provider if he hasn't already. And given I think Nationwide acted fairly and gave Mr H enough opportunity to provide it with information at the time of the review, I won't be directing it to reopen Mr H's account.*

*As Nationwide acted fairly on the information Mr H provided to it as part of its review instigated by the fraud report, I don't see any basis in which to award him any compensation for the financial hardship, distress, or inconvenience suffered. My direction to Nationwide to remove the CIFAS marker is predicated on the information Mr H has since provided to us on a protracted basis after my involvement".*

The deadline for both parties to provide any further evidence or arguments has now passed.

Mr H said he felt the provisional decision was fair; but added Nationwide has caused him significant pain and suffering, and that he has provided evidence of a job offer with a bank which he couldn't take up.

Nationwide asked for the evidence I had relied on to conclude the funds weren't fraudulent. Our Investigator sent these to Nationwide, who later requested extensions to review the evidence and send in its submissions. An extension was granted and later Nationwide requested another. A compromise of a few days less was agreed by me. Nationwide has been made aware of Mr H's challenging circumstances, which underpinned why further extensions couldn't be agreed. I also think sufficient time has already been provided.

Nationwide then informed our Investigator, on 22 May 2025, that it has removed the CIFAS marker. Our Investigator informed Mr H about this, and he has subsequently acknowledged this.

### **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.

Having done so, and for the reasons in my provisional decision – as above – I have decided to uphold this complaint in part.

Nationwide has said it's removed the CIFAS marker which it applied against Mr H. So, I don't need to make a direction in my final decision for it to do so. But to avoid any doubt, this decision concludes that the CIFAS marker is to be removed based on information which Mr H provided to this service which I'm persuaded shows the funds weren't fraudulent.

Mr H has argued that Nationwide's actions caused him significant distress and inconvenience – and financial loss due to a lost job opportunity. I don't doubt what Mr H says

about this, but I don't think its appropriate to hold Nationwide responsible for this given it acted fairly in applying the marker in the first instance based on the lack of evidence Mr H provided it to corroborate his narrative of what had happened.

Its only after extensive investigation by this service that Mr H has been able to get enough information for me to reach the decision I have. So, for these reasons, I don't think its appropriate that Nationwide pay any compensation for the distress and inconvenience, and financial loss, Mr H says he suffered.

### **My final decision**

For the reasons above, I have decided to uphold this complaint in part. If Nationwide Building Society hasn't already removed the CIFAS marker in the way it says it has, this should be done immediately.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 June 2025.

Ketan Nagla  
**Ombudsman**