

The complaint

Mr T complains Revolut Ltd (“Revolut”) applied an adverse fraud marker against him and returned funds in his account to the sender.

Mr T says Revolut’s actions have caused him significant distress and inconvenience. He adds that it’s also led to him becoming financially excluded. To put things right, Mr T wants the 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 January 2024, after receiving a report from a third-party bank, and a request to return money to their customer’s account, Revolut restricted Mr T’s account and asked him to provide proof of entitlement to funds he had received from that account.

Mr T said he had received the payments from a friend he had lent money to for a construction project. He also sent Revolut some supporting information. Revolut reviewed this and didn’t think it was sufficient to show entitlement to the funds. Revolut then notified Mr T it was closing his account and applied a CIFAS (Credit Fraud Avoidance System) ‘misuse of facility’ marker against him.

Mr T has been clear that he isn’t complaining about Revolut’s decision to close his account, so I won’t be making any findings on this point. Mr T has also said that the impact of the marker led to his other accounts being closed including for a business he was a director of. I can’t consider any acts or omissions against a separate legal entity here – and that is what a limited company would be.

Unhappy with Revolut’s actions, Mr T complained. Revolut didn’t uphold Mr T’s complaint saying it had acted correctly in applying the marker and returning the funds. Mr T referred his complaint to this service. One of our Investigator’s said that because Revolut hadn’t provided us with any information about the complaint the marker should be removed and compensation paid for the distress and inconvenienced Mr T suffered. Revolut then sent in its submissions and the complaint was passed to another of our Investigator’s.

They asked both parties for further information and later recommended the complaint wasn’t upheld. In summary, the key points they made were:

- Revolut acted correctly in reviewing Mr T’s account and asking for proof of entitlement to the funds. And as it didn’t receive adequate evidence of entitlement, Revolut was entitled to send the funds back to the sending account.
- Before recording a CIFAS marker, Revolut need to evidence it has reasonable grounds to believe a fraud or financial crime has been committed/attempted. Revolut have met these standards. Mr T has not provided a consistent version of events, and

he hasn't provided evidence of the funds being lent to the sender.

Mr T didn't agree with what our Investigator said. In short, the key points he made in response were:

- Revolut hasn't met the standards required by CIFAS to load the marker.
- His explanation about the funds has been consistent throughout. He lent money to his long-term friend due to financial difficulties they were suffering because of illness. And they later repaid him. The construction project reference was simply to give wider context of his friend's struggles.
- Due to the fraud marker another of his accounts was closed meaning he couldn't get more evidence to show his entitlement to the funds.
- Mr T has provided evidence of his friend's financial difficulties.
- Mr T has now agreed with his friend that they will repay him the £4,000. So, Mr T's primary concern is the removal of the CIFAS marker.

As there was no agreement, this 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.

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Having done so, I have decided not to uphold this complaint. I'll explain why.

CIFAS marker

Revolut says 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, Revolut is not required to prove beyond reasonable doubt Mr T 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 T's account, whether they are retained or pass through the account. Having looked at the information Revolut has given me, I'm satisfied fraudulent funds entered Mr T's account. I have seen fraud reports from an external financial institution reporting the fraud.

Secondly, Revolut 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 Revolut has enough evidence to meet the standard of proof and load a marker for a misuse of facility with CIFAS.

The key issue here is whether Mr T has provided sufficient evidence of his proof of entitlement to the funds. He adds that he had lent £12,500 to Mr T on a long-term basis and was doing so informally. Mr T hasn't been able to provide compelling or persuasive evidence of this arrangement. And, it's only recently he had agreed with this friend to have the £4,000 sent back to him. So, I think Revolut acted fairly in determining the proof of entitlement evidence wasn't enough and therefore not evidence enough Mr T wasn't complicit or unwitting.

Mr T says he would've been able to provide evidence of the funds being lent to his friend but not for his external account being closed due to the CIFAS marker. But Mr T did have the opportunity when Revolut first asked him about the funds - which would've been before the marker was loaded.

Revolut has also sent me other evidence which I think further supports its application of the marker. I understand Mr T would want to know the information I have weighed to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

I note Mr T isn't complaining about the returning of the £4,000 anymore. But for completeness, I'm satisfied Revolut acted fairly in doing so. As I don't think Revolut has done anything wrong, I see no basis in which to make an award of compensation for the distress and inconvenience Mr T says he's suffered nor a direction to remove the CIFAS marker.

My final decision

For the reasons above, I have decided to not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 19 June 2025.

Ketan Nagla
Ombudsman