

The complaint

Mr A complains Lloyds Bank PLC unfairly closed his account; prevented him accessing and using funds during the notice period; returned two payments totalling £290 back to remitters; and he's been unable to open another bank account elsewhere. He is also unhappy with what he sees as a lack of support and updates during the time his account was blocked. He wants his account reopened, the returned payments refunded to him and compensation.

Mr A also complains that Lloyds should remove a SIRA inconsistency marker they recorded.

What happened

What follow repeats much of the background I set out in my provisional decision. I'm restating this information for the purposes of issuing this final decision.

Mr A held a current account with Lloyds. In early April 2024 Lloyds received two fraud reports in relation to two payments he received into his account – a payment of £170 and a payment of £120.

Both fraud reports related to alleged purchase scams. The first concerned a scam involving the purchase of a car, and the second related to payment for concert tickets for a famous popstar.

Mr A says the payments represented the sale of USDT – a stable coin cryptocurrency – made through a well-known peer to peer cryptocurrency trading platform. He says he made multiple sales because he faced a trading loss and wanted to save some money.

Lloyds restricted Mr A's account after receipt of the reports and decided to close the account, giving him 65 days' notice. Mr A couldn't access funds during the notice period except for wages, and no direct debits were paid. Lloyds decided to return the £170 payment back to the remitter.

Mr A contacted Lloyds after receiving a message to say his account was closing. The Lloyds advisor asked him questions about the payments reported as fraud. They advised he would need to provide evidence of the payments, and they would then see if it changed Lloyds' decision.

Mr A provided transactional records from the crypto platform which included his messages with the buyer. Lloyds reviewed the evidence, but decided Mr A still represented a risk to them and his account would close. They decided to return the £120 back to the remitter.

In April 2024 Lloyds recorded a SIRA inconsistency on the National SIRA database. They later closed Mr A's account in June 2024 and Mr A collected the remainder of his funds.

I issued a provisional decision in May this year. I decided not to uphold Mr A's complaint. I said:

"The closure of Mr A's account

As a bank, Lloyds has a broad commercial discretion to decide who they want as a customer, and there is no legal obligation for them to keep a customer. But they should still ensure they follow their terms and conditions when closing an account, and that their decision is lawful and not plainly irrational or due to an error.

Mr A said he wasn't given a reason for closing his account. But I respectfully disagree. When he spoke to Lloyds' advisor on the phone on 10 April 2024, they made clear to him that his account was closing because they received two reports of fraud. He was told the nature of each alleged fraud and that he would need to provide evidence of the payments to see if they would change their decision.

Although Mr A thinks Lloyds should have changed their decision, their decision remained the same. Given the fraud reports and their nature, they decided continuing to service Mr A with an account was outside their risk appetite. I find their decision represented a genuine exercise of their commercial discretion, so they were able to close his account.

Lloyds gave Mr A 65 days' notice before his account would close. However, while they allowed him to make two withdrawals during the notice period, the account was no longer usable. So, their decision was akin to an immediate closure of the account.

I've considered carefully whether Lloyds restricting the account during the notice period was fair, and I'm satisfied it was. Mr A made multiple cryptocurrency transactions over a short period, of which two payments were reported as resulting from two different scams, which was understandably very concerning. I find that Lloyds restricting the account was reasonable given it limited exposure to potential further fraud and accounted for the possibility that reports might be received about other payments.

Mr A was no doubt caused inconvenience and distress by not being able to use his account the way he wanted. Having an account blocked and closed is a very challenging situation to be in. But I'm satisfied Lloyds' restriction on the account was fair, including their refusal to pay direct debits.

Mr A says his credit score was impacted by Lloyds actions. However, Lloyds decision to close an account shouldn't negatively impact a credit file, although it's possible missed direct debits to lenders or utility companies could have an impact. But even if there were missed payments because of Lloyds actions, I'm not awarding compensation for this given I find Lloyds acted reasonably by restricting the account.

Mr A said he wasn't given updates when he expected. I acknowledge it's possible Lloyds could have better informed Mr A that their decision remained unchanged after he submitted his evidence of selling cryptocurrency. But I have reviewed a call he made on 25 May 2024, and it was clear he was told his account was still closing, so at least from this point onwards he knew what was going to happen. He was also told when and how he could reclaim funds in the account after the closure. On balance I haven't seen sufficient evidence of a significant failing by Lloyds that I find would warrant compensation in these circumstances.

Lloyds decision to return the payments reported as fraud

Mr A feels strongly that Lloyds shouldn't have returned the payments reported as fraud. And I want him to know I understand he may have genuinely sold cryptocurrency to a third party and not been involved in anything untoward. But while many people use cryptocurrency genuinely, it is also a common medium for carrying out illegitimate activity, including scams, where proceeds are converted into cryptocurrency or vice versa.

Based on the evidence and information before me, including the records Mr A sent, I'm satisfied Lloyds acted reasonably by returning the payments. I say this because:

- Lloyds received two reports in short succession indicating both payers had fallen victim to two different purchase scams, and Mr A's account had been used to receive those payments.
- The trading platform records Mr A provided shows the real name of the buyer of the cryptocurrency, but their name is very different to the names of both payers. Mr A needed to check the payments before releasing his cryptocurrency to the buyer, but he doesn't look to have questioned why neither payment was made by the buyer which is something I would reasonably expect him to have done.
- Neither does Mr A look to have questioned why the payer of the £120 payment used a payment reference related to the sale of tickets. This ought to have raised a significant concern with him - the reference was clearly unrelated to the sale of cryptocurrency. It's also clear that a different cryptocurrency sale not reported as fraud had "furniture" as a payment reference, which casts more concern about the nature of Mr A's cryptocurrency activity.
- Mr A says he was questioned by the police, who were satisfied by his version of events. However, I've no evidence to show this was the conclusion of the police or details of any investigation they did or did not carry out into Mr A or when that occurred. However, even if this was the case, this doesn't mean that Lloyds ought to have been satisfied he and not the payers who reported fraud were entitled to the payments at the time the payments were returned.

National SIRA inconsistency marker

Synectics Solutions is a fraud prevention agency which aims to help prevent fraud. It runs the National SIRA database where depending on the concerns a SIRA member has and the information they hold, they can record specific types of markers on the database.

Lloyds recorded a SIRA inconsistency marker against Mr A in April 2024, which is visible to other members of SIRA. I understand this will be concerning for him and he may feel this is why he says he can't open another bank account.

I haven't seen evidence of Mr A trying to open other bank accounts and being declined. But if he did, it's possible the banks he contacted are SIRA members, and potentially following further enquires they decided not to offer him a bank account – although members of SIRA should not refuse an account just because a marker exists.

I understand Mr A would feel any record which might negatively impact him shouldn't be recorded because he says he hasn't done anything wrong. But there is a difference between what is required for a firm like Lloyds to record a SIRA marker, to the standard of proof required to convict someone of fraud or another financial crime. Lloyds did not have to establish Mr A was guilty of fraud or a financial crime beyond a reasonable doubt to record the marker. Instead, they needed to have a genuine concern about Mr A backed up by sufficient information and evidence to record the marker.

I've considered whether there was a sufficient level of information and evidence for Lloyds to record the inconsistency marker, and I find there was. I say this because of the factors surrounding the payments reported as fraud, which I detailed above. Two fraud reports were received in a short period of time from plausible victims of purchase scams, and Mr A completed the cryptocurrency transactions despite the payments not being made by the buyer, even when one had a noticeable contradictory payment reference. I find this is sufficient for the purposes of the marker, so I don't require Lloyds to remove the marker."

Mr A responded to say he disagreed with my provisional outcome.

He repeated that he made genuine cryptocurrency sales and acted in good faith. He provided similar transactional information regarding the sales and his messages with the buyer. He said it's common for buyers to use friends or family member accounts; the platform notified him to release the cryptocurrency after receipt of fund; he had no reason to suspect fraud, and the buyer insisted on immediate release. He also said payment references are often not changed by users and rejecting payments based on unrelated references is impractical and discouraged by peer-to-peer platforms. He still wants the payments refunded, the SIRA marker removed and either the account reopened or compensation for the financial losses he says he experienced.

Following the deadline passing for further submissions by either party, I'm now making my 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've decided not to uphold Mr A's complaint for the same reasons I gave in my provisional decision. My findings are repeated above and form my findings for this final decision.

I appreciate Mr A says he acted in good faith, and I previously acknowledged this could well be the case. But I have found Lloyds bank had sufficient concern based on the persuasive nature of the reports they received, the payer mismatches and a contradictory payment reference to close his account, refund the payments and record the SIRA inconsistency marker.

I've considered the additional points Mr A made, but they have not changed my mind. I understand using a peer-to-peer platform meant he had no control over who made payments to his account. But I don't find this meant he shouldn't have queried why different persons made payments other than the confirmed name of the person he was dealing with on the platform or why one of the payment references referred to the sale of concert tickets.

Mr A says it's common for buyers to use friends or family members accounts, but I'm satisfied the reason a seller is provided with the verified name of the buyer is to reasonably expect and verify that the payment is made by that same person. From what I have seen it appears if the name of a buyer's payment account doesn't match their verified name, the buyer has breached the platform's transaction rules, and this is a ground for a seller to appeal. I've seen no evidence to show the platform discourages sellers from rejecting payments based on contradictory and unrelated payment references in the way Mr A suggests.

I still find Mr A ought to have held sufficient concern about the payments and should have questioned them before releasing the cryptocurrency. I'm not persuaded that ignoring payment name mismatches or contradictory payment references is indicative of the modern financial system he has described. Again, this doesn't mean Lloyds had to firmly conclude Mr A was necessarily a party to fraud, but I find the evidence caused them sufficient concern and doubt to warrant the actions they took.

So, I don't require Lloyds to reopen Mr A's account, remove the SIRA marker, refund the payments or otherwise pay him compensation.

My final decision

My final decision is I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 July 2025.

Liam King
Ombudsman