

The complaint

Mr B complains Bank of Scotland plc trading as Halifax treated him unfairly when it recorded a fraud marker against him and closed his account. He'd like it to compensate him for what happened and how it dealt with his complaint.

What happened

A summary of what happened is below.

Mr B received two large credits into his Halifax account in October 2020. Shortly afterwards, the funds were sent to an account he held elsewhere. However, the bank from where the payments had come reported that their customer had been a victim of a fraud.

Halifax restricted the account and following a review it decided to close it. At the same time, it also filed a misuse of facility marker at Cifas, as it believed Mr B had been complicit in receiving fraudulent funds.

Mr B found out about the marker and complained in 2021 that he'd not done anything to cause this. He said he didn't recognise the incoming or outgoing payments and had kept his banking security information in 'notes' on his phone, which wasn't 'locked'.

Halifax reviewed what Mr B said, but didn't think it had made a mistake. It issued a final response letter setting out its position and referring Mr B to our service if he remained dissatisfied.

Mr B later went back to Halifax about the payments. He told it, that at the time, he'd gone through a broker for a mortgage who had asked for his banking details. He said the broker told him he needed his details to complete some credit checks. He acknowledged that he had received funds into his account and forwarded them on but only on the advice of the broker. He stressed he'd not kept a penny for himself and had to instruct a solicitor to help with the complaint.

When Mr B didn't hear back, he escalated the issue. Halifax agreed to remove the marker after considering the new information, submitting it would take 60 days for the information to update on his credit file. It also paid £200 for its service failings.

However, due to an oversight the marker remained. Therefore, Mr B went back to Halifax expressing his further dissatisfaction. It apologised, deleted the marker and paid a further £100 for any trouble caused.

Mr B felt Halifax had forced his hand into taking the legal route and should compensate him for his legal costs. Also, he wasn't happy that it wasn't willing to offer him a new account now.

When Halifax didn't change its position, Mr B contacted us. In doing so, he said the marker and the bank's handling of his concerns had impacted:

- His mental health, causing depression and emotional distress.
- His ability to get accounts.
- The cost of his insurance premiums, which was a direct loss.

One of our investigators reviewed matters but she didn't think Halifax needed to do more. She felt the available evidence indicated the bank had given Mr B the benefit of the doubt in removing the marker, given what he'd initially told it about the payments, compared to what he'd said later. She believed it had enough evidence to justify the filing and closing the account (and it hadn't been unfair in not providing a new account). She also noted that when Mr B had complained in 2021, it had given him referral rights to come to our service, which was free to customers, so Mr B's decision to engage a solicitor was his choice, rather than a necessity.

Mr B didn't agree. He said he'd not been able to do anything with his life because of the marker and had Halifax looked at things properly early on and communicated with him, the consequences could have been avoided, including the costs.

When an agreement couldn't be reached, the complaint was put forward for a decision as the second and final stage of our process.

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 have read and considered everything, but I will only comment on what I consider are the key issues to reach a fair and reasonable outcome. This is in line with our quick and informal approach.

I'm sorry to disappoint Mr B but I'm not going to ask Halifax to do any more.

The marker that Halifax filed was intended to record that there'd been a 'misuse of facility' – relating to using the account to receive fraudulent funds. To file such a marker, it wasn't required to prove beyond reasonable doubt that Mr B was guilty of a fraud or financial crime, but it needed to show that there were grounds for more than mere suspicion or concern. The relevant guidance 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.

When Mr B contacted Halifax after the payments, he denied all knowledge of them, but this didn't match with the activity on his account. Considering this, along with the report the bank received, I'm satisfied Halifax had enough information to record the marker and close the account, so I find no error here. Mr B went back later and this time, he accepted he did know about the payments but said he'd been persuaded to give his details to a mortgage broker. I've thought about this and there is a question that if this is what happened, why couldn't Mr B share this with the bank straight away? The fact that he denied knowing anything, might suggest he knew the arrangement wasn't legitimate but at the very least shows he chose to withhold information, which could have been helpful. Thinking about this, I don't find Halifax at fault for its initial position on the marker and so, if Mr B has faced difficulties because of it, I'm not persuaded this was down to the bank.

Moving on, Halifax unquestionably made mistakes when it failed to respond to correspondence and remove the marker after it said it would – it should have done better. But it has recognised this by not only paying £300 but also by apologising. I think that was a proportionate response to reflect Mr B's upset, frustration and annoyance.

I've gone onto consider Mr B's claim for legal fees, but I don't agree Halifax is responsible for them, because legal expertise/help isn't required to bring or pursue a complaint of this nature to a business.

Finally, Mr B would like Halifax to open an account for him. But it is the case that fraudulent funds entered and left an account he held. Whilst this was a few years ago and the marker has been removed, I'm satisfied the bank can decide if it doesn't want to accept the risk of something similar happening. I don't believe this amounts to unfairness in this individual case. Rather, I think it's a legitimate decision for Halifax to make.

Having reflected on all the evidence, I'm not going to require any further action to resolve the complaint. This now completes our review.

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 B to accept or reject my decision before 9 July 2025.

Sarita Taylor
Ombudsman