

## **The complaint**

Mr O complains that Lloyds Bank PLC (“Lloyds”) closed his account and registered an adverse Cifas marker against him.

## **What happened**

Mr O had a current account with Lloyds. In December 2023, Mr O received two payments into his account from third parties. Lloyds subsequently received two reports from the sending banks regarding the funds, stating that Mr O wasn’t entitled to them, and the senders of the funds had been scammed.

Mr O contacted Lloyds to explain he didn’t recognise the fraudulent transactions. Mr O said he had lost his debit card and phone in November 2023. And he said he had saved some of his personal information on his phone including login details and passwords. Mr O said he didn’t report the loss of his card to Lloyds and didn’t realise fraudulent payments had entered his account as he didn’t check the transactions, although he accessed his account via mobile banking during the period the transactions took place.

Lloyds decided to close Mr O’s account and wrote to him in December 2023 confirming his account was closed with two months’ notice. And that Mr O wouldn’t be able to access the account and would need to visit a branch to retrieve any remaining funds.

Mr O contacted Lloyds again in February 2024 to appeal the decision to close his account. Mr O acknowledged he should’ve let Lloyds know he’d lost his debit card and he reiterated that he had no knowledge of the fraudulent payments into his account and transactions that followed. Mr O also said he had lost his driver’s license and phone around the same time he lost his debit card. And he had written the PIN for his debit card on his phone and the password for his phone had been known to other parties as he had provided it when he allowed them to use his phone. But he hadn’t written his online banking login details on his phone. Mr O added he’d had more than one phone and had used another of his phones to log on to his mobile banking after one of his phones went missing. After considering Mr O’s version of events, Lloyds decided the decision to close Mr O’s account would remain as it didn’t find Mr O’s explanation of what had taken place to be plausible.

Mr O made a complaint to Lloyds in July 2024. He said he believed his account had been taken over by a third party, who has used his account to receive the fraudulent payments. Mr O said he was experiencing personal issues when the fraud took place and wasn’t in the right frame of mind to pay attention to the transactions taking place on his account. Mr O said he’d tried to apply for accounts with other providers but was unable to open one because of a fraud marker recorded by Lloyds.

Lloyds issued its final response in August 2024. It explained that following the fraudulent receipt of funds, Lloyds had investigated the matter and decided to close Mr O’s account. Lloyds added that it had a responsibility to try to prevent fraud and it supplies the details of an account to Cifas, if it considers an account has been used to commit fraud. So, the Cifas marker wouldn’t be removed.

Mr O referred his complaint to our service. He said the situation had affected his ability to open new accounts and was impacting his health because of the stress caused, so he had begun therapy sessions and sought support from his GP.

One of our Investigators looked into things and didn't uphold Mr O's complaint. In summary, they said:

- Lloyds has a number of legal and regulatory obligations it must follow and have safeguarding measures in place to protect itself and customers from financial harm. Such measures include carrying out reviews and Lloyds didn't need to provide advance warning to Mr O of a review taking place
- Lloyds' review of Mr O's account was carried out fairly and the terms of the account said Lloyds could close an account by giving two months' notice and in certain circumstances, with immediate effect. Lloyds had applied the account terms fairly when it closed Mr O's account
- Mr O had provided insufficient evidence to show the fraudulent payments were received into his account without his knowledge, so Lloyds' decision to submit Mr O's details to Cifas was justified

Mr O disagreed. He said he wanted Lloyds to reopen his account and remove the Cifas marker. Mr O added that in hindsight he could've notified Lloyds of his missing debit card and there wasn't a specific reason for not reporting his missing phone to the Police, but the phone didn't have his UK sim card in it, so he didn't think the missing phone caused much of a risk.

Mr O said that he held several bank accounts in his country of origin and it was usual financial practice there for an individual to hold several accounts. Mr O said he had never previously had any fraudulent transactions happen on an account of his in the past and requested that the removal of the Cifas marker be reconsidered.

As no agreement could be reached, the matter 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.

I'm aware Mr O is also unhappy about the closure of another of his accounts within the same banking group, but my decision will solely focus on the issues relating to his Lloyds account.

Having done so, I have decided not to uphold this complaint. I appreciate this will come as a disappointment for Mr O. So, I'll explain my reasons below.

#### *Account closure*

Banks in the UK, like Lloyds are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases even close customers' accounts.

Lloyds is entitled to close an account, just as a customer may close an account with it. But it must do so in a way that adheres to the terms and conditions of the account. The terms and

conditions of the account says that Lloyds can close the account by giving Mr O at least two months' notice. And there are also certain circumstances, where the account can be closed immediately or without notice.

Lloyds say it closed the account with two months' notice. It's possible the account was blocked during this time, which would mean it was effectively closed with immediate effect. But I've not looked into this further given I'm satisfied an immediate closure was in line with the terms.

#### *Cifas marker*

Cifas markers can significantly impact an individual's ability to hold and open accounts. And I appreciate Mr O is extremely concerned that a marker has been filed against him.

My role is to consider if Lloyds has met the required standard set by Cifas, for it to register a marker. Specifically, in order to file such a marker, 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

The purpose of the marker that Lloyds has registered with Cifas is to show that there has been a 'mis-use of facility' as it considers Mr O's account was used to receive fraudulent funds.

Lloyds must show that there are grounds for more than mere suspicion or concern to file such a marker, but it isn't required to prove beyond reasonable doubt that Mr O is guilty of fraud or financial crime. In practice, this means that Lloyds needs to demonstrate fraudulent funds have entered or passed through Mr O's account. And having considered the evidence presented by Lloyds, I am satisfied that fraudulent funds entered Mr O's account.

In addition, Lloyds is required to have strong evidence to show Mr O was deliberately dishonest in receiving the funds and knew it was, or might be, an illegitimate payment.

Two separate payments were reported as fraudulent and Mr O says he was completely unaware the fraudulent payments were received into his account and transferred out. Cash was also withdrawn from Mr O's account at an ATM after the funds were received. Based on the evidence I've seen, I don't find Mr O's testimony of what happened credible, nor do I think what he says is what likely happened. I say this, because Mr O was regularly logging on to his mobile banking before and after the fraudulent payments were received, so on balance I think it's unlikely he wouldn't have seen the transactions on his account.

Mr O also says his phone and debit card were lost but he didn't contact Lloyds to request a new debit card or online banking credentials, even though he said he had stored information such as his PIN on his phone. Mr O hasn't provided any compelling evidence to explain why he didn't contact Lloyds or why he didn't take steps to secure his account when he knew he had confidential information stored on the phone that went missing. He also hasn't provided any persuasive evidence to show a third party used his account without his knowledge. So, I find that it's fair for Lloyds to retain the marker applied against Mr O on the Cifas database.

I appreciate this will come as a disappointment to Mr O due to the ongoing impact the Cifas marker and account closure is having on him. But having considered everything, I think Lloyds have acted reasonably in the circumstances of the complaint - so I won't be directing Lloyds to do anything to put things right.

**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 O to accept or reject my decision before 18 November 2025.

Khadijah Nakhuda  
**Ombudsman**