

The complaint

Miss S complains The Co-operative Bank Plc unfairly closed her account following transactions were made on her account she didn't recognise. Miss S says the application of a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against her name following these transactions is unjustified.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 14 November 2023 Miss S' Co-op account received £9,995. The Co-op reviewed this payment and established it was fraudulent. £7,900 of these funds were spent on card payments. As part of its review of the account Co-op reached out to Miss S to query the incoming credit and subsequent card payments. Miss S said the funds were sent to her account for furniture, and the funds were spent on furniture, and two transactions were needed as a larger transaction for one order failed. During a separate conversation between Co-op and Miss S she explained she was holding funds for an individual and she couldn't recall making the payments in question.

Co-op reviewed Miss S' account and her comments and made the decision to close her account immediately – it wrote to Miss S in January 2024 confirming this and that the account remained blocked. Co-op also registered a CIFAS marker for misuse of facility against Miss S.

Miss S raised a formal complaint once she realised a CIFAS marker had been loaded against her. Miss S says the activity on the account at this time was not authorised, and the transactions were carried out by a third party as her account was hacked. In its final response letter issued in August 2024 Co-op reviewed the application of the marker and maintained it had been applied correctly. It also explained the evidence didn't support Miss S' comments that she didn't authorise the payments on the account following the fraudulent credit.

Unhappy with Co-op handling of her complaint, Miss S referred her complaint to this service. As part of her complaint Miss S provided details of account issues she had in 2024 and that her old phone number had been used and her accounts hacked. Miss S reiterated her concerns about Co-op's handling of her account and asked for a refund of the money spent that she didn't authorise and for the CIFAS marker to be removed.

Initially Miss S' complaint was upheld in part as Co-op failed to provide the necessary information. However, following further submissions the Investigator didn't think the complaint should be upheld, for the following key reasons:

- Co-op provided evidence to show that the transactions were made from Miss S' account using his security credentials.
- Based on the evidence Co-op provided it was fair for it to hold Miss S liable for the transactions.

- The application of the CIFAS marker was fair, and Co-op had provided evidence to show the standard of proof had been met.

Miss S didn't accept the Investigator's findings and maintained he had been treated unfairly. As no agreement could be reached the complaint was referred to me – an ombudsman – for a 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 appreciate Miss S was disappointed by the Investigator's opinion. I'd like to reassure Miss S that I've considered the whole file and what she has said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach – it simply reflects the informal nature of our service as an alternative to the courts.

Disputed transactions

Co-op closed Miss S' account and lodged a CIFAS marker after they received fraud notifications regarding an incoming payment to Miss S' account. A majority of the funds were then spent in two key transactions. Miss S says she wasn't responsible for the transactions because her account had been compromised. So, in order to determine if Co-op acted fairly, I first need to consider the issue of the disputed payments.

From what's been said and provided so far, there's not much common ground about exactly what happened or how it might have happened. Where the evidence is incomplete, inconclusive or contradictory (as it is here), I reach my findings on balance – in other words, what I consider is more likely than not to have happened in the light of the available evidence and the wider circumstances.

Miss S' comments about the transactions has altered, and although she initially said they were furniture purchases, Miss S then said she was holding the funds for a friend, and since then Miss S has since denied knowing anything about transactions and has stated that her account had been hacked. The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Co-op can hold Miss S liable for the disputed payments if the evidence suggests that it's more likely than not that she made them or authorised them, but Co-op cannot say that the use of the card alone conclusively proves that the payments were authorised.

Unless Co-op can show that consent has been given, it has no authority to make the payment or to debit Miss S' account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. This includes details of how the payments were made and authorised. The information presented by Co-op shows that the transactions were authenticated using Miss S' card and the credentials issued to Miss S.

Miss S says she was in possession of her card at the time, and she hadn't provided her details to anyone else. In order for the payments to be made the card and security details for the card would've both been required. Miss S says her account was hacked and this is how the transactions were made, but I can't see any evidence of this. The dates of the evidence submitted by Miss S don't align with when the disputed transactions took place. Further, I

can't see that Miss S' account details were amended in any way and the technical data from Co-op doesn't show sign of an account take over at the time the transactions took place. This means the evidence doesn't support Miss S' assertions, and I'm not persuaded by her comments.

I am also mindful of the fact the information Miss S provided to Co-op was inconsistent, as she had stated initially, she had lost her card. Miss S has since changed her testimony and says she was in possession of her card, and it has now been destroyed. Miss S didn't contact Co-op about a lost card or any issues her account. I can also see Miss S initially said the transactions that are disputed were payments for furniture. This overall consistency casts doubt on Miss S' position that she had no knowledge of the transactions and didn't authorise them.

After carefully reviewing the technical data, the details provided by Miss S don't support the premise that these transactions were carried out by a third party. Based on the evidence I've seen I don't think it's plausible that these transactions were carried out by someone else. Rather the information supports Co-op's position that Miss S provided authority for the transactions.

So, I'm satisfied it was more likely than not that Miss S was responsible for transactions that were reported as fraudulent.

CIFAS marker

As a UK financial business, Co-op is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Co-op needs to restrict, or in some cases go as far as closing, customers' accounts.

As part of Co-op's regulatory duties, businesses will use databases to share information. CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Co-op is not required to prove beyond reasonable doubt that Miss S is guilty of a fraud or financial crime, but it must show that there are grounds are more than mere suspicion or concern. CIFAS 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 such that the member could confidently report the conduct of the subject to the police.

What this means is that Co-op will need strong evidence to show that Miss S has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action. The application of a CIFAS marker can have serious consequences for an individual, so this service expects business to carry out a thorough review of the available evidence.

Co-op has provided this service with details of the investigation it carried out once it was aware the funds received into Miss S' account was fraudulent. This included a review of the fraud report and the account activity. As noted above, Co-op wasn't satisfied the dispersal of the fraudulent funds was carried out by an unknown third party. The technical evidence also supports this belief.

Co-op reached out to Miss S to query the incoming credit. As noted above, Miss S' explanation for the incoming funds has changed. Initially Miss S said the funds were for furniture. This later changed to Miss S holding the funds for a close family friend. However, Miss S was then unable to explain why these funds were then spent, using her card and credentials. I can't see that Miss S hasn't been able to provide any supporting evidence for either set of circumstances. In order for the Co-op to be satisfied Miss S was entitled to the funds that entered her account it would need clear and persuasive evidence. Miss S hasn't been able to provide compelling evidence which shows she was entitled to the funds, despite multiple requests for supporting details. In light of the swift dispersal of the funds, and Miss S' conflicting explanations I consider Co-op decision to load the marker to be reasonable. There's also nothing I've seen within the evidence that indicates an unknown third party was controlling Miss S' account.

Miss S says Co-op has failed to take on board her comments. However, Co-op is under a duty to take such claims seriously and at face value. It is required gather evidence from both sides – which it did, and assess this in light of its regulatory duties.

The loading of a CIFAS marker can have serious consequences, and I am sorry to learn of the impact Co-op's decision has had on Miss S and of her ongoing health issues. Having reviewed Miss S' comments and the supporting evidence I don't find these allay the concerns regarding fraud and clearly show Miss S is entitled to the funds that entered her account. This means I agree that the evidence available equates to more than mere suspicion or concern of fraudulent activity. I therefore find that the marker was loaded fairly.

Following the loading of the marker, Co-op made the decision to lose Miss S' account immediately. The terms of Miss S' account allow Co-op to close her account immediately in specific circumstances and I'm satisfied the necessary requirements had been met in Miss S' case. I do appreciate this matter would've caused Miss S some difficulty. However, as explained above, I am satisfied Co-op was acting in line with the account terms and its regulatory duties.

I appreciate Miss S will be disappointed with my decision, but I am satisfied Co-op acted reasonably in its handling of Miss S' account. I hope my decision provides some clarity around why I won't be asking Co-op to take any further action.

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 Miss S to accept or reject my decision before 3 October 2025.

Chandni Green
Ombudsman