DRN-5655527

The complaint

Mr A complains PayrNet Limited has recorded a marker against him on a national fraud database. He doesn't think it's treated him fairly.

What happened

A summary of what happened is below.

Mr A found out PayrNet had recorded a misuse of facility (fraud) marker against him at Cifas, a national fraud database. The marker was filed in 2022 in connection with an account he held with Chipper Cash. He complained he'd not done anything to cause this.

When he didn't get a response, Mr A contacted us asking us to investigate. PayrNet provided its business file, explaining the information it had was limited due to Chipper Cash being wound down, but it did have a report from a third-party bank tracing funds that were potentially fraudulent and had gone into Mr A's account. PayrNet said it would need additional time to get more details.

After awaiting information, the investigator studied what she did have, but didn't think there was enough to show why PayrNet believed Mr A had been complicit in receiving the payments that has been queried or aware that the funds paid into his account might be fraudulent. Therefore, she recommended the fraud marker be removed and PayrNet also pay £150 in recognition of his trouble and upset Mr A had experienced, noting he'd said he had difficulty getting his student finance paid into a bank account (when another one of his accounts had been closed because of this marker).

Mr A accepted the outcome, but PayrNet didn't respond.

In line with our process, the case was put forward for a 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.

Having done so, I'm upholding this complaint. I'll explain why.

I'm not going to repeat all the requirements for filing a 'misuse of facility' marker at Cifas. The investigator did that in her opinion letter. Though the key things to note are that for a business to file this marker, it must be able to show there are grounds for more than mere suspicion or concern in relation to the monies that went into Mr A's account. The relevant guidance goes onto say, 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.

Whilst I have seen information from the third-party bank tracing funds which it believed to be fraudulent, and later designated for Mr A's account, there's isn't anything else from PayrNet to show why it believed Mr A was complicit in fraud here. PayrNet says the information it has is limited and indicated that it would need time to get more. However, this was back in April 2025. Since then, I can't see anything else has been provided to us, including a response to say why PayrNet disagrees with the investigator's assessment. Given all of this, I think it's only reasonable that PayrNet remove the fraud marker immediately to resolve matters.

In terms of the compensation, I haven't seen anything compelling as to why this should be more than £150 that the investigator recommended, so I am also directing this amount to be paid to settle the complaint.

My final decision

My final decision is PayrNet Limited should take steps to remove its fraud marker at Cifas, so that there are no fraud markers against Mr A. This includes removing any other fraud markers on other database (that it may have loaded on in relation to this matter). PayrNet Limited should also pay Mr A £150 to bring matters to a close.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 October 2025.

Sarita Taylor
Ombudsman