

The complaint

Mr J has complained Nationwide Building Society unfairly lodged a fraud-related marker on the industry fraud database, CIFAS, in his name. Mr J also says Nationwide has not dealt with his chargeback requests fairly.

What happened

Mr J had a current account with Nationwide.

Between February and June 2024, Mr J used his account to make several payments totalling around £4,000 to a trading investment platform, I will refer to as F. Mr J said when he asked F to withdraw his funds, he couldn't access his trading account. So, he believed he'd fallen victim to an investment scam.

Mr J asked Nationwide to try and get his money back from F by raising disputes known as chargebacks for the transactions he'd made. Nationwide asked Mr J to complete a claims form and to provide as much information as he could to them about the transactions. In response Mr J filled in the form and sent Nationwide screenshots of his account with F.

Following this Nationwide decided to review Mr J's account. Whilst it completed its review Nationwide blocked Mr J's account. Nationwide looked into previous chargeback claims Mr J had raised. It noticed that despite him being provided with warnings and education about scams after previous claims, Mr J had continued to make payments to trading platforms. So, it decided not to pursue Mr J's chargeback claims.

Following this Nationwide decided to close Mr J's account immediately and recorded a fraud marker against Mr J with CIFAS. It did this because it believed Mr J was making false chargeback claims.

Mr J complained to Nationwide. He said each chargeback case should be investigated on its own merit. He also said that the marker was making it difficult for him to open another high street bank account. Nationwide said it hadn't done anything wrong when it had closed Mr J's account and not pursued his chargeback claims.

Mr J remained unhappy and brought his complaint to us. An investigator at our service said:

- Nationwide hadn't done anything wrong when it decided to block and close Mr J's account.
- Before Nationwide could instigate a chargeback, they'd want to see that Mr J had tried to sort things out with the merchant first. But Mr J couldn't show he'd done this. He'd also not evidenced the chargeback reason - so they thought it was fair for Nationwide to say Mr J's chargeback request didn't align with the rules of the relevant card scheme (Visa). In short, they were fair not to pursue a chargeback on Mr J's behalf or provide a refund themselves.
- Nationwide didn't meet the criteria required to record a CIFAS marker against Mr J.
- To put things right the investigator said Nationwide should remove the CIFAS marker

and pay Mr J £150 compensation for the trouble and upset the marker had caused him.

Mr J agreed. Nationwide didn't. They said Mr J used the same reasons to make around twenty chargeback claims. So, they think Mr J's claim are fraudulent. In summary Nationwide said:

- Mr J told them that he had made several payments amounting to around £4,000 to trading companies and after doing so couldn't access or withdraw funds from his trading account.
- Mr J demonstrated in 2023 that he was aware of scams but continued to make transactions prior to doing any of his own checks for transactions in 2024 and continued to make Visa dispute claims of a similar nature in 2024.
- It's unlikely Mr J has been a victim of multiple trading sites over a 12 month period, not made any checks prior to making transactions to the same type of merchant in 2024 when he has previous claims in 2023 for the same thing.
- Mr J received the last refund in February 2024, but on the 13th of February 2024 Mr J sent funds out to another trading site.
- It hadn't done anything wrong when it recorded a fraud marker with CIFAS against Mr J.

As no agreement could be reached the matter has come 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 would also point out that where the information I've got is incomplete, unclear, or contradictory, I've to base my decision on the balance of probabilities.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Mr J's submissions.

I'll deal first with Mr J's complaint that Nationwide unfairly restricted and closed his account. As the investigator has already explained, Nationwide has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I've considered the basis for Nationwide's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Nationwide acted fairly by blocking Mr J's account. The terms and conditions of Mr J's account also make provision for Nationwide to review and suspend an account. And having looked at all the evidence, including the information that Nationwide has shared, I'm satisfied that Nationwide have acted in line with these when it suspended Mr J's account. So, although I understand not having access to his account caused Mr J trouble and upset it wouldn't be appropriate for me to award Mr J compensation since I don't believe Nationwide acted inappropriately in taking the actions that it did when it blocked Mr J's account.

The result of the review was that Nationwide decided they didn't want to provide banking services to Mr J anymore. Nationwide wrote to Mr J in August 2024 that it had decided to close his account immediately.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Nationwide have relied on the terms and conditions when closing Mr J's account. I've reviewed the terms, and they explain that Nationwide can close an account for any reason by giving two months' notice. In certain circumstances, Nationwide can also close the account without notice, which is what happened here.

For Nationwide to act fairly here they needed to meet the criteria to apply their terms for immediate closure. Nationwide has provided some further details of its decision-making process, which led to the closure of Mr J's account. I'm sorry but I can't share this information with Mr J due to its commercial sensitivity. But I've seen nothing to suggest Nationwide's decision around closing Mr J's account was unfair. On balance when considering Nationwide's wider regulatory responsibilities and all the information available to me, I find Nationwide had a legitimate basis for closing Mr J's account immediately.

I've next thought about Nationwide's decision to not raise a chargeback. The process is subject to rules made by the relevant card schemes. It allows customers to ask for a transaction to be reversed in a number of situations, for example where goods or services are not received, where goods or services are defective or not as described; or where goods or services have been cancelled. So, I've thought about those rules when deciding if Nationwide has treated Mr J fairly.

The problem in this case is that there's a lack of evidence. Mr J has only been able to give us and Nationwide his testimony and some screenshots. He's said he can't provide much more because it doesn't exist. Mr J told Nationwide that he couldn't withdraw funds from an account he believed he'd set up after he sent money to a trading platform. On the complaint form Mr J said he had lost access to his trading account, hadn't contacted the merchant and thought the merchant was suspicious and untrustworthy.

So, it's not clear what reasons Nationwide should have used. I think Nationwide could have asked for more information about the circumstances. But I have to bear in mind that there's supporting evidence and certain conditions required for a successful chargeback. Without sufficient evidence to establish what happened or that chargeback conditions have been met, I agree with the investigator, that on balance, the chargebacks were unlikely to succeed.

I'm also mindful that Mr J provided very limited evidence to support his claim even when he was asked by our investigator. Before Nationwide can instigate a chargeback, they'd want to see that Mr J has tried to sort things out with the merchant first. This is often a requirement of the card scheme rules. And it's a sensible approach, because sometimes merchants can

sort things out directly for the customer, without them having to involve their bank. However, M J has failed to evidence he's done this, and he's also failed to evidence the chargeback reason - so overall I think it was fair for Nationwide to say Mr J's chargeback request didn't align with the rules of the relevant card scheme (Visa). In short, they were fair not to pursue a chargeback on his behalf or provide a refund themselves.

Lastly I will deal with Nationwide's decision to record a CIFAS marker against Mr J's name. It is clear what the requirements are prior to lodging a CIFAS marker. Specifically: "There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted. The evidence must be clear, relevant and rigorous." So Nationwide must be able to provide clear evidence that an identified fraud was being committed, and Mr J was involved. This evidence must go beyond a suggestion of M J's involvement. There's also a requirement that Nationwide should be giving the account holder an opportunity to explain what was going on.

I do acknowledge that Mr J's behaviour might seem rather odd. He told Nationwide that he believes the companies he sent money to be genuine trading platform, despite this he did not help himself by failing to follow Nationwide's advice about how to avoid falling victim to scams. And he didn't take any reasonable action to try and mitigate his losses because he kept carrying out transactions despite not being able to recover the money he believed he invested.

I appreciate the matter may seem finely balanced. And I've taken onboard all of Nationwide's concerns. What I need to be sure of, was that M J was aware of this fraud and involved. I've seen no evidence of this. But it seems more likely that Mr J was defrauded, rather than he was defrauding Nationwide. Because of the lack of evidence provided by Nationwide I'm not convinced M J was involved in fraud on his account.

I note and accept that M J didn't provide Nationwide with very much information when they approached him about the transactions. And he ignored their advice about how to avoid losing his money. However, a lack of response and failing to heed the banks advice doesn't justify a CIFAS marker against M J's name. This means I don't think Nationwide has met the threshold of evidence needed to justify a CIFAS marker. I don't believe Nationwide now has sufficient evidence, as required by the CIFAS rules, to show M J was complicit in any fraud. So, I think the marker should be removed.

Putting things right

On this basis I believe it would be fair and reasonable to ask Nationwide to remove the CIFAS marker. There's no doubt that having other bank accounts closed would have caused M J some distress. I believe, like our investigator, that £150 is fair and reasonable compensation for the trouble and upset this caused him.

My final decision

For the reasons given, my final decision is to instruct Nationwide Building Society to:

- Remove the CIFAS marker in M J's name; and
- Pay him £150 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 25 August 2025.

Sharon Kerrison
Ombudsman