

The complaint

Mr S has complained Lloyds Bank PLC lodged a fraud-related marker on an industry fraud database in his name.

What happened

In October 2023 Mr S opened an account with Lloyds Bank. By the end of November Lloyds told him they'd decided to close his account. Mr S's account was closed in February 2024.

A year later Mr S complained to Lloyds that he'd discovered a SIRA fraud-related marker on his record and believed this was limiting his ability to open another account. In April Lloyds confirmed they'd removed the SIRA marker even though they believed they'd made the right decision at the time to lodge this. Lloyds further confirmed Mr S wouldn't be able to open any further accounts with Lloyds or other banks associated with the corporate brand.

Mr S was unhappy with this and brought his complaint to the ombudsman service. He felt that there'd been no transparency in this process as he'd never been told a SIRA marker would be lodged and why.

Our investigator noted Lloyds' evidence. This included the fact they'd omitted to remove the SIRA marker to be seen externally by other banks in April when they'd intended to. Although she felt that Lloyds were able to lodge the marker, she believed they should pay Mr S a small amount of compensation. She asked them to pay him £100 in compensation.

Lloyds accepted this outcome. Mr S didn't. He believed he'd had two years without being able to open an account and still didn't understand why Lloyds had lodged this marker in the first place. He's asked an ombudsman to consider his complaint.

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've reached the same outcome as our investigator. I'll explain why.

It is clear that the bar to lodge a SIRA marker isn't as high a bar as that required for other fraud-related markers. Lloyds needed to have a genuine concern, backed by sufficient evidence, that Mr S could have been committing fraud. So, I've considered the evidence Lloyds shared with us about how Mr S ran his account in the short time this was open. Lloyds accepts their evidence didn't meet the burden of proof required for lodging a CIFAS marker.

I can see that Lloyds had concerns about the number of fraud claims – three – Mr S made within a short period. I appreciate what Mr S has said about purchasing items online and not receiving these but I believe Lloyds will have looked at Mr S's age, card use and where he was getting his funds from and felt this number of fraudulent claims could be suggesting misuse of his account.

I believe this formed some of Lloyds' reasoning for closing Mr S's account. As has been confirmed to Mr S, banks are able to close their customers' accounts as their terms and conditions permit them to do this. I don't believe there's anything wrong with what Lloyds did here.

I'm also satisfied that on this basis Lloyds had sufficient grounds to lodge a SIRA marker.

Lloyds agreed to remove the marker so that this would no longer be seen by other non-Lloyds banks on the industry database when Mr S complained to them.

Unfortunately the marker wasn't completely removed from the database, and this was still visible for a further three months. I agree with our investigator that compensation of £100 seems fair for this period.

Mr S has questioned why no compensation is payable for the period since the original marker was placed on his record. This is because I believe Lloyds had sufficient grounds to lodge the marker initially. And then, the evidence Mr S has shared shows him making numerous applications to open accounts with the Lloyds Banking Group when it's clear I believe that they would not have been opening any further accounts for him. I can also see that Mr S made applications to other banks, although I can't say for sure that any rejections are definitely related to the marker, particularly when I take into account Mr S's young age.

I appreciate Mr S's strength of feeling about this issue. I know he feels he wasn't told about the SIRA marker. There is no requirement on banks to be upfront with customers about these and other fraud-related markers.

My final decision

For the reasons given, my final decision is to instruct Lloyds Bank PLC to pay £100 to Mr S for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 November 2025.

Sandra Quinn
Ombudsman