

The complaint

Ms D complains TSB Bank plc recorded a fraud marker against her and closed her account. She doesn't think it's treated her fairly.

What happened

I issued a provisional decision on this complaint, setting out what I intended to find and why. I invited further comments from the parties. Below is a copy of my provisional decision.

Copy of provisional decision

A summary of what happened is below.

Ms D opened an account in February 2024. On 1 March 2024, it was credited with a payment from a third-party, through a standing order payment with the reference 'CARE FEES'. Ms D withdrew £50 of these funds shortly afterwards. On 5 March, her account received another standing order payment for £800, from her nan, also with the reference 'Care Fees. However, on 6 March, TSB were contacted by Nationwide about the first credit, stating that its customer had contacted it to say that he hadn't authorised the standing order and knew nothing about it.

TSB restricted the account and asked Ms D for information to support why she'd received the payment and whether her account details had been compromised for the funds to have ended up with her. Ms D said, her details hadn't been compromised, and she didn't know the person from whom the payment had come.

TSB recovered £800 and returned this to Nationwide. It also reviewed the information Ms D had given it and filed a misuse of facility marker at Cifas, as it believed she'd been complicit in receiving fraudulent funds. It also closed the account.

Ms D found out about the marker when another bank closed her account. She complained that she'd not done anything to cause this. She said there was a standing order payment that she usually received from her nan, which had been switched to her TSB account at the relevant time, and there was an error in setting up that payment, which explained what had happened here. TSB considered this but declined to remove the marker – it said, it had received an allegation of fraud and believed it had sufficient information to support its actions.

Ms D contacted us, explaining she'd not set up the account for fraudulent purposes and couldn't get an ordinary free account, which was having a detrimental effect on her day-day life.

One of our investigators looked into what happened. She didn't think Ms D had been complicit in receiving fraudulent funds, though she understood why the bank may have had concerns. She noted that Ms D had genuinely received a standing order for £800 from her nan over the years for care fees, which was supported by historic bank statements and a letter from her saying there was an issue on 1 March 2024 with the payment. The

investigator found Ms D's testimony plausible that she wasn't involved in setting up and receiving the first standing order.

To resolve matters, the investigator recommended TSB remove the fraud marker, pay £100 to reflect the impact of this on Ms D and reimburse her for the fees she'd incurred in having to get a fee-paying account. The investigator also shared a copy of a letter from Ms D's nan with the bank.

Ms D accepted the investigator's findings, but TSB did not. It said, the investigator had failed to explain why the victim had reported Ms D to their bank or how she could be innocent. It added that it had asked Nationwide to check their customer's account had been accessed fraudulently and the standing order set up fraudulently and it had said it had. TSB believed that if this had been a misunderstanding, the fraud claim would have been withdrawn. It questioned how someone could have entered Ms D's account details for the standing order instruction and with the same reference (care fees) unless she'd been involved and why she'd not spotted the payment wasn't from her nan but from someone else.

The investigator didn't change her mind. She reiterated the evidence showed Ms D had genuinely been expecting £800 from her nan in relation to care fees and at the same time as the other payment. She didn't think there was enough to show Ms D had been involved in fraudulently arranging the first payment.

When the investigator didn't change her mind, the case was put forward for a decision.

What I've provisionally 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 not going to set out the full test for filing a fraud marker at Cifas as the parties are familiar with it already. But the key thing to note is that the bar for filing is high and the evidence must be clear and rigorous. I share the investigator's view in that I don't think the bar has been met by TSB. I've looked at the internal communications between TSB and Nationwide from December 2024 that TSB submitted. I can see that TSB makes an enquiry with Nationwide explaining Ms D believes there has been an error with the standing order for her nan. TSB says that she's told it that her nan banks with Nationwide and she was trying to set up a standing order but when doing so, there was an issue, and Nationwide told her nan that it would take a few days for it to be actioned.

In the communication chain, it's important to note that Nationwide responds by stating it doesn't have any information in relation to the disputed standing order 'set up' or 'payment mandate' etc. I've thought about this, and in the absence of any information to show how the disputed standing order was set up, I can't see how it would have been reasonable to conclude that it was done so fraudulently by TSB.

In fact, thinking about this, and in light of some of the other evidence, I think it's likely that when the genuine standing order for Ms D's nan was arranged to be paid into the TSB account, it's possible there was a glitch or other error whether system or human. This is supported by Ms D's nan's testimony that there was an issue at the time and her nan's payment reaching Ms D's account a few days later.

I appreciate Ms D removed some of the funds to another one of her accounts from the disputed payment, and TSB wasn't satisfied with her explanation at the time it questioned her, but I don't consider this proves Ms D acted fraudulently in setting up the standing order which is what TSB contends. All things considered, I think TSB should remove the fraud

marker, and pay £500 for the trouble and upset caused, as Ms D has had her other accounts closed as a result of the marker and been rejected for others, which has not only been inconvenient for her in terms of trying to get an account elsewhere but has also been an upsetting situation for her to have to deal with on an everyday basis. She's told us that her free bank account was closed around April 2024 time, so she's been without free banking for over a year. I understand Ms D has been paying for an account, and so I invite her to send me statements for the fees she's paid, so that I can consider these.

My provisional decision

My provisional decision is that I uphold this complaint and intend to direct TSB Bank Plc to delete the fraud marker it's filed at Cifas in relation to this matter against Ms D. This includes any other loading it may have made on another fraud database. TSB Bank Plc should also pay her £500 and reimburse account fees (subject to proof being received).

Responses

TSB responded to say that it didn't accept my provisional decision. It said, if it now appeared an error had been made by Nationwide in setting up the standing order, it wasn't fair for it to be responsible. It was a reasonable expectation that the relevant checks should have been done by them as to whether the payment was actually fraudulent. It had no reason to disbelieve the report it had got but still went back to Nationwide to check things. However, Nationwide had confirmed the fraud.

In these circumstances, it could not have done more to investigate the report. It could see the name on the payment to the account was clearly someone Ms D had no connection with, and it would have expected her to have questioned this, but instead she accessed some of the funds as soon as they arrived, indicating she was expecting to receive funds from them. In addition to this, Ms D had not used the account before, but the very first credit was reported as fraudulently obtained funds. All of this looked suspicious and Ms D's responses when she was questioned about the payment. TSB said that in the circumstances, it believed Nationwide should be responsible for responding to Ms D. And if it confirmed the standing order had been set up in error, it would remove the Cifas marker, but it shouldn't pay the other redress.

Ms D responded to say that she accepted the provisional decision, and she attached her fee-paying account statements for the charges she'd paid up to 1 September 2025.

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've considered the fact that TSB took steps to contact Nationwide to check whether the standing order was because of an error or fraud; Nationwide said it had refunded its customer "as fraud". But looking at the other information in the exchange, Nationwide also said there wasn't a payment mandate or any notes of the payment being set-up. Thinking about this, I don't believe there was enough to say Ms D had committed a fraud, especially when there weren't any details to show how the payment was set up, and by whom, such that it linked to Ms D. I've thought about TSB's comments that it should be entitled to rely on what Nationwide said and did but Nationwide said why it had decided to give a refund; it never said fraud had taken place and that Ms D had arranged the payment into her account.

Here, Ms D has been able to provide a credible explanation for why the payment ended up

in her account, which is supported by evidence of her getting a payment from her nan, only a few days later, and with the same reference and amount. I think this is sufficiently persuasive in explaining her account of events.

I agree some circumstances looked suspicious but to file a Cifas marker the relevant guidance 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*. However, for the reasons given, I haven't found TSB's evidence meets the threshold – I don't think the information it has, is clear or rigorous in demonstrating that a financial crime was committed or attempted by Ms D.

I've also noted TSB's comments about Nationwide bearing responsibility. But here, I'm deciding the complaint against TSB with whom Ms D holds a relevant relationship under our rules. TSB is the entity that filed the fraud marker, and who Ms D complains got things wrong. I have found TSB made a mistake. Of course, should TSB still think Nationwide has a case to answer, there's nothing stopping it from taking that up with Nationwide. But I've not seen anything compelling to say that this should interfere with what I think TSB needs to do now, to resolve this complaint.

In conclusion, I'm adopting my provisional decision in full, as part of this final decision and I haven't seen anything persuasive for me to deviate from the redress that I proposed. This means I will be directing TSB to put things right in the way that I've set out below. I would add that Ms D has provided copy statements of the fees she's incurred on her fee-paying account. This is currently £81.89, which I'm going to direct TSB to pay, along with any similar additional fees that are incurred until the date of settlement of this decision.

My final decision

My final decision is that I uphold this complaint and direct TSB Bank Plc to settle the complaint by:

- Deleting the fraud marker, it's filed at Cifas in relation to this matter against Ms D. This includes any other loading it may have made on another fraud database.
- Paying Ms D £500 for her distress and inconvenience.
- Reimbursing Ms D £81.89, which she's incurred on her fee-paying account up to 1 September 2025 and refunding any additional similar fees that she may incur up to the date of settlement of this decision. Ms D will need to provide her statements to TSB Bank Plc to evidence any fees after 1 September 2025 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 22 October 2025.

Sarita Taylor
Ombudsman