

complaint

Mr J complains that Santander UK Plc closed his account and placed a CIFAS fraud marker on his account without telling him. As a result of this he found he was unable to open a new account with another bank.

background

Mr J had two accounts with Santander: a current account and a savings account. In 2015 Santander wrote to him to tell him it had suspended his current account, which would be closed in 14 days' time. It didn't fully explain why, but its letter alluded to fraud. It later closed both of his accounts and registered a fraud marker against him with CIFAS.

For two years Mr J used his mother's bank account, but in 2017 he got a job and so he needed an account of his own. In 2017, he opened an account with a new bank, but shortly afterwards the new bank wrote to him to say it was closing his account due to the CIFAS marker recorded by Santander. Mr J complains that Santander hadn't told him about the CIFAS marker, so he only found out about it when he tried to open a new account two years later. He has since obtained a basic account, but he would like to have a normal current account. He is also concerned about the impact a CIFAS marker may have on him more generally. He wants the marker to be removed.

When Mr J complained to Santander, it told him that two fraudulent credits had been made to his current account, for £700 and £560, which had then been withdrawn the same day (using his debit card). It had therefore blocked the current account, and had later closed both his accounts.

Mr J brought this complaint to our Service. Our adjudicator concluded that Mr J's complaint should not be upheld. She explained that banks are entitled to suspend or close customers' accounts when they suspect them of acting fraudulently. The bank had sent her evidence (in confidence) to support its case. Having considered this, she concluded that Santander had acted reasonably and had closed the account in line with its terms and conditions.

Mr J disagreed with the adjudicator's opinion. He said that he had been the one who had brought the fraud to Santander's attention in the first place. He had reported his debit card as lost, and so it must have been used by someone else to withdraw the fraudulent credits. He disputed Santander's claim that he'd used the card in branch to withdraw the closing balance, and insisted that he had presented an identification document instead. He asked for an ombudsman's decision.

I wrote a provisional decision which went as follows.

my provisional findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it. I will explain why.

The evidence I have seen shows the following sequence of events:

- 26 September 2015 – £700 credit to account. £700 withdrawn the same day.
- 28 September – £560 credit to account. £560 withdrawn the same day.
- 1 October – Santander opened a fraud case. Date of Santander's letter telling Mr J his current account was suspended pending closure.

- 5 October – Santander blocked Mr J's debit card when he reported it lost.
- 2 November – both accounts closed and debit card cancelled. Closing balances transferred to Santander's suspense account.
- 23 December – Mr J attends branch with his passport to collect closing balances (about £60).

The two credits to Mr J's current account came from an account with another bank. That bank reported the transactions to Santander, which is what caused Santander to investigate them. The investigation did not begin as a result of anything Mr J told it, and he did not report the card as lost until four days after its letter telling him that his account was going to be closed (in which fraud was mentioned), and six and eight days after the fraudulent funds were withdrawn from his account.

(In April 2018 Mr J told our adjudicator that he reported his card stolen shortly *before* the fraudulent credits happened. But two months earlier, in February 2018, he had told her it was afterwards, and the branch staff had told him about the credits. As he was trying to recall events which took place two and a half years ago, and his recollection differs from time to time, I don't think his memory of the sequence of events is reliable. I am reinforced in that view by the fact that he also told our adjudicator that he had not written down his PIN and kept it with his card, and later said that he had.)

Santander's records indicate that on 5 October 2015 someone used Mr J's card in a branch to check his balance (and entered his PIN to do so), and then about six minutes later, in the same branch, Mr J reported the card as missing. I infer that these were the same person. Mr J has suggested that Santander must have tampered with its records, but I have seen no evidence to make me think that it has done that. I accept that he did not use his debit card to withdraw the closing balance in December, after the card had been cancelled, but that does not prove what happened in September and October one way or the other.

I therefore reject Mr J's assertion that he reported the fraud to Santander so that Santander could stop it. The fraud had already been brought to Santander's attention days beforehand.

I think that Santander had enough evidence to conclude that Mr J had been involved in the relevant transactions, and that it was justified in closing his accounts and registering the CIFAS marker. I do not think it would be reasonable of me to require Santander to remove the marker.

However, I do agree with Mr J that Santander should have told him that it had registered a CIFAS marker against him, and should have warned him that this would make it difficult for him to open a new account elsewhere. If it had told him, then he would have been spared the inconvenience of opening a new current account only for it to be closed shortly afterwards. He could have just opened a basic account in the first place. So to that extent, I am minded to uphold this complaint, and to award compensation of £30.

So my provisional decision is that I intend to uphold this complaint in part. Subject to any further representations I receive from the parties by the date below, I intend to order Santander UK Plc to pay Mr J £30.

I now invite Mr J and Santander UK Plc to let me have any further comments by 12 February 2019, after which I will issue my final decision.

my provisional findings

Neither party responded to my provisional decision. So there is no reason for me to depart from my findings, and I affirm them here.

my final decision

For the above reasons, my decision is that I uphold this complaint in part. I order Santander UK Plc to pay Mr J £30.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 March 2019.

Richard Wood
ombudsman