

complaint

Miss S complains about a CIFAS marker placed against her by Bank of Scotland plc (trading as Halifax). She's lost a lot of money as she can't continue her bitcoin trading.

background

Miss S used her Halifax account to buy and sell bitcoin. A third party made a fraudulent claim against her. But Miss S was able to provide evidence to support her position. She was told on several occasions her details wouldn't be added to CIFAS (the Credit Industry Fraud Avoidance System). But she discovered Halifax had loaded her by mistake.

Miss S said Halifax offered £500 compensation for the error. And it said the CIFAS marker had been removed. But Miss S said she lost around £50000 because of the bank's error. She hadn't been able to continue her trading. And she'd had problems with another third party because of the mistake. So Miss S wants Halifax to increase the compensation to take into account her losses.

Halifax said there were concerns about the activity on Miss S's account. And a decision had been made to close her account. Miss S had been advised she wouldn't be able to open an account with any of the banks within the same banking group due to its internal fraud prevention measures.

But Halifax accepted Miss S's details had been added to CIFAS in error. Even though it'd said they wouldn't be. Halifax said it had arranged for them to be removed. And it paid a total of £520 compensation to Miss S. But the bank said it wasn't liable for any funds removed by an external organisation. And it wasn't liable for any gains or losses Miss G might've made while she was unable to trade in bitcoins.

Miss S wasn't satisfied with Halifax's response. So she contacted our service and our investigator looked into the matter. She could see Halifax had mistakenly added Miss S's details to CIFAS. But she felt the offer of £500 compensation and a further £20 for telephone calls was a fair and reasonable response. She couldn't ask Halifax to compensate Miss S because she hadn't been able to trade in bitcoins. There was no way of knowing what the potential gains or losses might be.

Miss S didn't agree. Her health and finances had suffered greatly. So she's asked for an ombudsman's final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see how upsetting this has been for Miss S. She says not been able to open a new current account because of Halifax's mistake. And she's been unable to trade in bitcoins so she's lost a lot of potential profits. Miss S says she's suffered from depression and anxiety because of the error. So I've looked carefully at what's happened. And what Halifax has done to put things right.

Halifax, like other banks, carries out regular reviews of customer accounts. It felt the activity on Miss S's account might present a risk. So it decided to end its business relationship with her.

Following a dispute with a third party about a bitcoin transaction Miss S says she was told on four occasions she wouldn't be placed on the CIFAS register. But she discovered her details had been added. Halifax accepted they'd been loaded in error. And it removed the CIFAS marker in October 2018.

Miss S says she's lost a lot of money while she's been unable to trade. And she feels she received a poor service from the bank when she tried to complain. Miss S says there's also been an issue with a third party removing funds from her account. I can see our investigator has advised Miss S to contact the third party and advise them of the error. And I think that's the right approach in the circumstances.

But Miss S says she's also been unable to continue trading. She's used her previous trades to forecast what she would've made if she'd been able to trade for the past six months. And says she's lost around £50000.

I understand Miss S has been able to open a business account with another bank. But she's still finding it difficult to open a current account elsewhere. She can't open an account with a bank within the same banking group as Halifax. And I can see that's something Miss S was advised about when Halifax ended the business relationship. But Halifax has acted within the terms and conditions of the account. It's entitled to end its relationship with its customers just as they might decide to move their accounts to another bank.

I've checked Halifax is no longer reporting anything to CIFAS. The bank has confirmed the loading was removed last year and nothing would come up if it searched for Miss S. So I can't say Halifax is responsible for Miss S's current banking difficulties. There isn't the evidence to say it's to blame.

I do appreciate how much stress this has caused Miss S. But I've not seen anything to suggest Halifax is now reporting anything to CIFAS. And I can't ask the bank to compensate Miss S for any potential gains or losses she might've made if she'd been able to continue trading bitcoins. Miss S says she traded profitably in the past. But there is no way of calculating what the outcome of any future trades might be.

I realise Miss S will be disappointed with this outcome. Halifax has accepted it made a mistake loading her details to CIFAS. And I think the offer of £520 compensation for the error and for her calls is reasonable in the circumstances. But I can't ask the bank to compensate Miss S for what might've been. So I won't be asking the bank to do anything more.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 9 November 2019.

Andrew Mason
ombudsman