

complaint

Mr F complains that Lloyds Bank plc closed his bank account and placed a CIFAS marker against his name. CIFAS is the UK's fraud alert service.

background

In November 2017 Lloyds received notification from another bank that it was trying to make a payment of more than £4,700 to Mr F's account. The transfer had been blocked. Lloyds contacted Mr F, who said that he wasn't aware of the credit. He said too that he had lost his bank card a few days earlier, although he didn't think anyone knew his PIN.

After reviewing the position, Lloyds decided to close Mr F's account and placed a CIFAS marker against his name. In summary, the bank thought he knew more about the payment than he was prepared to say. And its investigations had shown that the payment was fraudulent – in the sense that it had been made without the authority of the sending bank's customer.

Mr F wasn't happy with the bank's decision and referred the matter to this service, where one of our investigators considered it. She took the view however that Lloyds should not have logged the CIFAS marker against Mr F's name. She didn't believe that the bank had adequately shown any involvement on Mr F's part. It hadn't retained robust evidence to show that he was aware of the fraudulent payment which was to be made to his account. She thought Lloyds should arrange for the CIFAS marker to be removed.

Lloyds didn't accept the investigator's view and asked that an ombudsman review the complaint. I did that and, because I didn't agree with the investigator's view, issued a provisional decision. I thought that Lloyds did have sufficient evidence to suggest that Mr F had been aware that his card and PIN would be used to withdraw the fraudulent credit to his account. Mr F didn't accept that and asked that I review the case again and issue a 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.

If a bank or other financial institution is to place a CIFAS marker against an individual's name, it should have evidence that would enable it to report the matter to the police. That isn't to say it must report it, or that the police must investigate, but a mere suspicion of wrongdoing isn't generally sufficient.

Mr F says that he knew nothing about the fraudulent payment into his account. But whoever placed the money in his account expected to be able to withdraw it. As I indicated in my provisional decision, the most obvious person in that position was Mr F himself. But I went on to discuss whether someone else could have had access to the account without Mr F's authority.

Mr F said that his bank card had gone missing. I note though that he hadn't reported it missing, and neither has he explained how that might have happened. But, even if I accept what he says about that, there's no explanation of how someone who had taken or found his card could have known his PIN. The PIN or other security information would have been

needed to withdraw the money. Mr F hasn't mentioned any attempts to obtain security information that would have enabled a third party to access his account.

I think it most unlikely that Mr F's account would have been targeted to receive fraudulent funds unless the fraudster knew they could retrieve funds from it. Someone who had Mr F's bank card alone wouldn't have been in that position. It follows in my view, therefore, that Mr F either expected to be able to withdraw the funds himself or that he'd put someone else in a position where they could do so. And there's no real doubt that he knew very much more about the payment than he has been prepared to tell the bank or this service.

For these reasons, I think that Lloyds was justified in recording the CIFAS marker in the way it did.

my final decision

My final decision is that I don't require Lloyds Bank plc to take any further steps to resolve Mr F's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 27 February 2020

Michael Ingram
ombudsman