

## **complaint**

Mr M has complained Barclays Bank UK Plc closed his accounts and placed a fraud marker on his record.

## **background**

On 4 July 2017 Barclays gave Mr M immediate notice of their intention to close his accounts. He complained that he'd not been told why. He'd also tried to open an account with another bank but found he couldn't. He was told Barclays had lodged a fraud-related marker on his record.

Barclays had been told by another of their customers that money paid into Mr M's account was made fraudulently. They noticed there were numerous payments of £399 made into Mr M's account as well as other credits. Barclays blocked Mr M's accounts whilst they reviewed this. Barclays then withdrew £412.08 from Mr M's account into one of their own suspense accounts.

Mr M had noticed unusual transactions when he'd logged on one day so then cancelled his debit card. He was then upset as Barclays wouldn't tell him what was going on.

Mr M brought his complaint to the ombudsman service as he didn't think Barclays were helping him. He was told in August 2017 that the CIFAS marker was being removed.

Our investigator reviewed the evidence. Barclays' view was there was no evidence of PIN compromise. They didn't think they'd done anything wrong in not giving back £17.68 that was in Mr M's account before the fraud happened. Our investigator initially didn't think they'd done anything wrong.

After reviewing the case again, including a call between Barclays and Mr M, she felt Barclays should pay him £75 for the confusion relating to the CIFAS marker.

Mr M was unhappy with this outcome and has asked an ombudsman to consider his complaint. He was unable to get a bank account and he felt this was the reason he was turned down for insurance as well. He was also told he wouldn't get student finance without a bank account so cancelled his university place. Barclays also continued to feel they'd added the CIFAS marker correctly.

## **my findings**

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 roughly the same conclusion as our investigator. I have recently been in touch with both Barclays and Mr M to get their further comments.

### *disputed transactions*

The Payment Services Regulations primarily require banks to refund customers if they didn't make or authorise payments themselves. Certain other circumstances do apply but nothing that would be specific to this type of case. So when we look at whether a bank has acted fairly in closing an account because of fraud, one of the things we consider is whether the

customer made the transactions themselves or allowed them to be made. If they did, then we generally wouldn't ask the bank to do anything different.

So to help me decide what happened, I've looked at the evidence of the transactions themselves, and what Barclays had been able to tell us. This information has been limited.

I've also looked at the general usage of these accounts by Mr M. His accounts generally ran low balances and only small transfers were ever made. This isn't surprising as it was a young person's account.

Mr M told us that none of the transactions on 19 June were made by him and I've seen no evidence to suggest they were. He'd lost his card. I agree – as Barclays has pointed out – that there's no obvious point of PIN compromise. My role isn't to decide how the fraud took place but whether the customer authorised them. I can't see he did.

#### *account closure*

As soon as Barclays were told money that Mr M had received had been sent fraudulently, they felt the evidence showed he knew what had happened. They therefore closed his accounts as their terms and conditions allow them to do if someone misused their account. Bearing in mind what they knew at the time – although it seems they'd done this without a complete investigation – I can see why they took the decision to do this.

#### *CIFAS marker*

I suspect the aspect that would have concerned Mr M most was the CIFAS marker placed against his name on the fraud industry database. These markers normally stay for six years and means that he would find it difficult to get another account allowing more than the most basic activity.

So I've looked at whether Barclays applied this fairly and in accordance with the best practice around applying these markers. A business can't apply a CIFAS marker because it simply suspects fraud. Barclays needs to have sufficient evidence to back up what it's alleging with there being an identifiable criminal offence. This means, if needs be, Barclays could have presented clear, relevant and rigorous evidence to report Mr M to the police.

It's clear Barclays removed the CIFAS marker on 23 August 2017 after Mr M spoke to them. I think it's unlikely they'd have done this if Mr M hadn't provided enough information to show they'd made an initial error. Although Barclays dispute this I can see no other reason why they'd have removed the marker.

Barclays recently agreed to pay Mr M £75 and refund £17.68, along with 8% simple interest.

I've specifically considered whether this compensation is sufficient. The fraud marker was lodged for just over a month. It won't have taken Mr M long to get a new account but I accept there'd have been some immediate distress and concern at what had happened. Mr M has told us he abandoned his hope of going to university but I don't think the CIFAS marker alone would have caused this problem. I base this on the experience of other young people who have gone to further education and got student finance even though there has been a CIFAS marker loaded against them.

However I don't think £75 is enough and I will be asking Barclays to increase this to £150.

**my final decision**

For the reasons I've given, my final decision is to instruct Barclays Bank UK Plc to:

- Return the money from his ex-Barclays account that was his;
- Add 8% simple interest to this amount from the time his account was closed until the date of settlement; and
- Pay Mr M £150 for the distress caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 January 2020.

Sandra Quinn  
**ombudsman**