

complaint

Mr N complains that Tesco Personal Finance plc (which I'll refer to as Tesco Bank) placed a CIFAS marker against his name. CIFAS is the UK's fraud alert service.

background

Mr N opened an account with Tesco Bank in early 2015. He's explained though that he had difficulty using it; his PIN didn't work and so he couldn't use the payment card, and he had similar difficulties with online access. He used his old account (which was still open) instead.

The bank's records show that a temporary security number was issued in November 2015, so that Mr N could access his online account.

In October 2016 a payment of £150 was made to Mr N's account. Almost all of it was transferred the same day to an account which appeared to be in Mr N's name and to a third party. This was followed by credits from Mr N and further withdrawals.

Tesco Bank was later told that the first credit had been fraudulent. The holder of the account from which it had been sent hadn't authorised the payment. Tesco Bank closed Mr N's account and placed a CIFAS marker against Mr N's name.

Mr N didn't find out about the marker until April 2018. He complained to Tesco Bank and then to this service. Our investigator took the view that Tesco Bank ought to have done more to ascertain the true position before placing the CIFAS marker – and specifically it should have contacted Mr N to get his side of the story. He concluded nevertheless that Tesco Bank was justified in placing the marker, and so didn't recommend that Tesco Bank arrange for its removal or take any other steps.

Mr N didn't agree with the investigator's assessment and asked that an ombudsman review the case.

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, however, I've reached the same overall outcome as the investigator did.

It would have been relatively simple for someone to pay money into Mr N's account. All that would be needed was his sort code and account number. But the bank's records show that money was removed from his account on the day after the credit was made by faster payments and a cash machine withdrawal. Those records also show that the faster payments were made using its banking app. That could only have been set up using Mr N's online banking details and security information. So, either someone else had that information and set up the app or Mr N set it up and someone was able to get hold of his phone and open the app. And the cash machine withdrawal could only have been made using the genuine card and PIN.

I think it most unlikely that someone would have been able to do that without Mr N's knowledge and cooperation. I think it more likely that Mr N was more closely involved than he has been prepared to say.

I must therefore consider whether this justified Tesco Bank's actions in registering Mr N's details with CIFAS. Its principles say that there must be reasonable grounds to believe that a fraud or other financial crime has been committed and that the evidence must be such that the member (here, Tesco Bank) could confidently report the matter to the police. In my view, those standards are met here. It's not a requirement that the matter actually be reported to the police or that the police investigate.

For the sake of completeness, I believe too that Tesco Bank was justified in closing Mr N's account.

my final decision

For the reasons I've explained, my final decision is that I don't require Tesco Personal Finance plc to do anything more to resolve Mr N's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 2 February 2020.

Michael Ingram
ombudsman