

complaint

Mr L complains that Lloyds Bank Plc have recorded a CIFAS marker against his name. CIFAS is the UK's fraud prevention agency.

background

In June 2018 Mr L's account was credited with £5,750 from a third party. This money was paid out of Mr L's account within a day of being received. Lloyds received information that these funds had been fraudulently obtained. Lloyds suspended Mr L's account whilst they investigated.

They asked Mr L to provide proof of entitlement to the funds and told him of their intention to close his account. Mr L wasn't able to satisfy Lloyds that he was entitled to the funds and his account was closed. Lloyds also added a CIFAS marker against Mr L's name.

Mr L doesn't think he's been treated fairly. He says the money paid into his account came from a friend who was repaying £2,750 towards a loan and asking him to pass £3,000 to his friend's brother. He's unhappy with the impact the CIFAS marker is having on him, so he complained. He would like it to be removed.

Lloyds maintained they'd acted correctly, so Mr L referred the matter to our service. One of our investigators didn't think the complaint should be upheld. As he still disagrees, Mr L has asked for an ombudsman to review his complaint.

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 agree with our investigator and for essentially the same reasons. Let me explain why.

I'm satisfied that the funds in question were originally obtained fraudulently. The bank in question will have established this with their customer before reporting it to Lloyds.

Mr L explained that he entered into a finance agreement to fund a kitchen on behalf of a friend of his, who would then pay him back. He's provided some evidence of this credit agreement and of the initial repayments made by his friend. He says the friend then stopped paying him and hadn't done so for some time until the transaction in question.

I accept that Mr L entered into a finance agreement for a kitchen and there is evidence to support that a kitchen was delivered to his friend's address. I can also see that the credit agreement was paid by Mr L and that in the following months there were some credits to his account from his friend.

But the credit agreement was for £1,750, not the £2,750 that was paid (after the £3,000 Mr L says was for him to pass on). When this difference was pointed out Mr L said the £1,000 was the labour cost and that he didn't have a receipt for this as it was paid in cash. But this hadn't previously been mentioned by Mr L.

Overall, I don't find Mr L's testimony to be reliable evidence. The sums he's mentioned and evidenced in relation to the finance agreement don't correlate to the amount of money he received from his friend. If I were to accept that the transfer in question was to repay a loan

(which I don't), then Mr L's friend significantly overpaid. I just don't think it's plausible that both Mr L and his friend forgot that around £800 of payments had already been made over the course of a few months.

I also have concerns as to why Mr L's friend would want to transfer him money to pass on to his brother. I think it's likely that his friend could have transferred the money directly without needing to involve him.

Mr L also very promptly removed all the fraudulent funds from his account with Lloyds. Initially by transferring £2,750 out the same day it arrived and then by withdrawing £3,000 in cash the following day.

I don't think the version of events Mr L has presented to both Lloyds and our service is plausible. So overall, I don't think Lloyds were being unreasonable in refusing to accept the information presented to them as entitlement to the funds in question.

The bar for recording a CIFAS marker is a high one. But I think there would have been good grounds to report the events here to the police to investigate, and I think that Lloyds were therefore justified in placing the CIFAS marker against Mr L's name.

my final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 February 2020

Richard Annandale
ombudsman