

complaint

Miss P complains that Barclays Bank UK PLC closed her bank accounts without notice and unfairly placed a Credit Industry Fraud Avoidance System (CIFAS) marker against her name. Miss P wants Barclays to remove the marker and pay compensation for the trouble and upset she was caused by Barclays closing her accounts.

background

Miss P had a current and savings account with Barclays.

On 18 July, a total of 17 payments amounting to nearly £1,700.00 were paid into Miss P's current account.

Within an hour of the payments coming into the account, £1,700 was withdrawn using an ASD cash machine. A further £30.00 was withdrawn from the account about an hour later at an ATM. Both withdrawals were made using Miss P's bank card and PIN.

Soon after the withdrawals had been made from Miss P's account, Barclays was contacted by another bank, which I will refer to as bank B, who said their customers hadn't authorised the 17 payments into Miss P's account. And that they had been the victim of a scam. Following this notification Barclays blocked Miss P's accounts.

On 19 July 2018 Barclays spoke to Miss P about the fraudulent credits. Miss P said she didn't know anything about the money that was paid into her account on 18 July 2018. She said she'd lost her bank card and that someone must be using her account for fraudulent purposes. And said she'd reported what had happened to the Police. Following this Barclays' allowed Miss P to withdraw some cash from her account and make a bill payment.

On 26 July 2018, Miss P opened another bank account so that she could continue to pay her bills and receive her wages into an account which wasn't blocked.

On 3 August 2018 Barclays wrote to Miss P to let her know it had decided to close her accounts immediately. And it told her she needed to make alternative banking arrangements. Barclays also recorded a CIFAS marker against Miss P's name. In response to the closure letter Miss P visited a Barclays' branch and transferred her account balance to her newly opened bank account. And she complained to Barclays about the CIFAS marker.

On 31 August 2018, Barclays spoke to Miss P about the circumstances of the activity on her account and reviewed what had happened. Miss P told Barclays that she had health problems and suspected her card had been taken by two women who'd recently befriended her and visited her home. Miss P explained that the individuals would have known enough personal details, such as her date of birth, which was needed to make the ASD withdrawal. As a result of what Miss P told Barclays it decided to remove the CIFAS marker. But it said it wasn't prepared to reopen Miss P's accounts.

Unhappy with this response Miss P brought her complaint to this service. She says the immediate closure of her accounts caused her financial problems. She says several direct debits weren't paid. And she wants Barclays to pay her compensation for the trouble this caused her.

An investigator looked into Miss P's complaint. She thought Barclays was unfair when it applied the CIFAS marker. She said Barclays hadn't carried out an adequate investigation into what had happened and didn't have enough information to record the marker against Miss P. So, she said Barclays should pay Miss P £25 compensation for the distress and inconvenience caused by the marker being present for about a month.

Miss P disagreed. She says because Barclays closed her accounts without notice she struggled financially and was left in quite a bit of debt. She wants more compensation. Barclays didn't accept it had done anything wrong when it applied the CIFAS marker. And said it had only removed it as a gesture of goodwill once it had a better understanding of Miss P's circumstances and what had happened.

As no agreement could be reached the matter has come to me to decide.

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 the same conclusions as the investigator.

CIFAS marker

Barclays says it applied the CIFAS marker because bank B said its customers didn't authorise the payments into Miss P's accounts – in other words she received fraudulent funds. So, I've looked at whether Barclays was fair to apply the marker, based on the evidence it had, the investigation it carried out. And what the rules say about applying such markers.

CIFAS guidance says the business must have carried out checks of enough depth to meet the burden of proof set by CIFAS, which at that time was that Barclays needed to have enough information to make a formal complaint to the police or other relevant law enforcement agencies. And that any filing should be for confirmed cases of fraud, rather than mere suspicion.

Having looked at what's happened here, I haven't seen any evidence that Barclays contacted Miss P *at the time* and asked her for information about the 17 payments made to her account. I think Barclays should've contacted Miss P at the time as this would've given her the opportunity to explain the circumstances surrounding the payments into her account. And allow her to provide information about who she suspected had taken and used her card.

I've looked at Barclays contact notes and I can see that Miss P was calling and emailing the bank to try and provide an explanation. But I haven't seen any evidence that Barclays did anything in response to the information Miss P provided until 31 August 2017, when it decided to remove the CIFAS marker. I think if Barclays had contacted Miss P at the time, she would've been able to explain more about the activity on her account. And what she knew about the payments. Barclays would've also had the opportunity to make enquiries with other banks, if necessary, regarding the payments into Miss P's account. And explore the possibility that someone else had taken Miss P's card and made the withdrawals as Miss P has suggested.

So, in this case, when I weigh everything up, I don't think Barclays carried out sufficient checks to satisfy the burden of proof required to apply the marker. And I agree with the

investigator that it was unfair for Barclays to apply to place a marker against Miss P's name in these circumstances.

Miss P has told the investigator that as a result of the CIFAS marker being applied she wasn't able to get another bank account easily. But Miss P hasn't provided any evidence to show that this was the case. On the contrary, I can see she was able to open an account with another bank on 26 July 2018. So, I'm satisfied that Miss P was unable to make alternative banking arrangements due to the CIFAS marker.

Miss P says she's suffered a great deal of distress and upset because of the marker being applied. And that she had to continually call Barclays to explain things. I can see that Miss P spent time making several phone calls and sending emails to Barclays to try and have the marker removed. And explain what had happened. So, I can see that this issue has caused her some trouble and upset. And I consider that the circumstances here are such that Miss P is entitled to some compensation for what took place. I agree with the investigator that Barclays should pay Miss P £25 compensation for the trouble and upset caused to her. In making this award I've kept in mind that Barclays has removed the marker and it was only present for about a month. And I've not seen any evidence that this caused Miss P any financial loss.

account closure

Miss P says because Barclays closed her accounts immediately, she is now behind in bill payments and is struggling financially. She says this has caused her a great deal of stress and anxiety. And she wants Barclays to pay her £1,000 compensation.

The terms and conditions of Miss P's account, which both Miss P and Barclays had to comply with, say that Barclays could close the account immediately under certain circumstances. So, Barclays is entitled to close the account as it seems it's already done on 3 August 2018.

I know Miss P has said the closure of her accounts led to her going into debt and that direct debits weren't paid. But from looking at her account statements, it seems she received her wages around the 26th of each month. And I can see that her regular direct debits and bill payments had already been paid from her current account before her accounts were closed. on 3 August 2018. I've also kept in mind that Miss P transferred the entire balance of her Barclays accounts to her new bank account, which she'd opened in July.

So, I'm satisfied that by 3 August 2018, Miss P had set up a new account (in addition to other accounts she held) and from looking at her account activity, I can't see that there were any regular payments due in and out of the account until after the new account had been set up. So, I'm not satisfied that the account closure caused Miss P financial difficulties and led to her falling behind in bill payments.

In summary, whilst I acknowledge Miss P's frustrations with the situation relating to the closure of her accounts. And that the accounts being closed impacted on her. I don't think Barclays failed to properly follow its own procedures. So, I can't say Barclays has done anything wrong when it closed Miss P's accounts and I'm not going to ask Barclays to do anything more.

my final decision

For the reasons I've explained I uphold Miss P's complaint in part, and direct Barclays Bank UK PLC to pay Miss P £25.00 for the trouble and upset caused by applying a CIFAS marker.

I do not uphold Miss P's complaint about the closure of her accounts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 21 February 2020.

Sharon Kerrison
ombudsman