

complaint

Miss T was the victim of identity fraud. She complains about the way Lloyds Bank PLC handled this and doesn't feel it did enough to protect her.

background

Two accounts were opened with Lloyds using Miss T's details - one in May 2015 and another in August 2015. After the first account had been opened, Miss T complained to Lloyds. She says it assured her that it'd close the fraudulent account without charging Miss T for any of the spending on it and remove any unauthorised credit checks from her credit file. Lloyds also told her it'd protectively register her details with Credit Industry Fraud Avoidance System (CIFAS).

Miss T says Lloyds didn't update her credit file or register her details with CIFAS. And Lloyds allowed a further fraudulent account to be opened in Miss T's name. She's unhappy the bank failed to tell her about the second account. She discovered it late at night after returning home from a business trip and was very distressed by the fact that it'd happened again.

To put things right, Miss T wants Lloyds to:

1. explain why it happened and amend the bank's procedures so it doesn't happen again.
2. remove any unauthorised credit checks from her credit file.
3. compensate her for the distress and inconvenience caused.

The bank says it can't set out the details of the processes and checks it carries out because it's commercially sensitive. But it says this includes checks with the Credit Reference Agencies and CIFAS. And when the first account application was made online, it was before Miss T's information was recorded with CIFAS and enough of her personal details matched for the application to be processed.

The second application was made late one evening. Lloyds explains the online application process doesn't automatically decline applications where there's a CIFAS marker. Instead, a flag is raised and the account is temporarily blocked so Lloyds can confirm if it's a genuine application. Here, the bank says the account was flagged and blocked the day after the account had been applied for. But Miss T contacted it before it could investigate. And because she confirmed it wasn't genuine, the bank closed the account. Lloyds says the letters confirming the account details and sending out the debit card had already been issued. However, it says the account and the debit card had already been blocked.

The bank says there's no negative information relating to the fraudulently opened accounts on Miss T's credit file. And, in relation to compensation, it says that when Miss T first complained, it paid £300 to her to apologise for the distress and inconvenience caused and £242 to cover the cost of her calls and re-directing her post to an international address for 12 months. When the second matter was raised, the bank offered a further £300 for any distress and inconvenience caused.

Our adjudicator looked at this complaint and she didn't uphold it. She explained that it's not in our power to tell Lloyds what processes it should follow when an application is made to open up a new account. She agreed that the checks a bank carries out are commercially sensitive. And she felt the compensation offered was fair and reasonable.

Miss T isn't happy with this – she's unhappy with the bank's handling of this matter and doesn't feel the compensation is a fair amount for the distress and anxiety she's suffered.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where there's a dispute about what happened, I've based my decision on what I think's most likely to have happened in light of the evidence. Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. However, I've given careful consideration to all of the submissions made before arriving at my decision.

Having done so, I can see Miss T feels very strongly about this. That's clear from what's been said to the adjudicator (and to Lloyds). And that's not surprising. If she's been the victim of identity fraud, she's bound to be concerned. And I can see why this would be stressful, particularly at a time when Miss T was relocating.

But I'm afraid I have to tell Miss T that I think our adjudicator (and Lloyds) has reached the right outcome here. Indeed, there's very little I can add to what the adjudicator's already said. I think she set out the position clearly and thoroughly. It might be helpful for me to say that, as we aren't the regulator, I can't make the bank change its systems or processes. We have no regulatory or disciplinary role.

Turning now to the compensation Miss T is seeking from the bank. We offer an informal complaint handling service – it's an alternative way to settle disputes. And we try and put customers back into the position they'd be if mistakes hadn't happened. So, taking into account the action the bank has taken regarding CIFAS and Miss T's credit file, I think the compensation that Lloyds has offered is fair and reasonable.

I'm sorry to disappoint Miss T but my decision brings to an end what we – in trying to resolve her dispute with Lloyds informally – can do for her.

my final decision

For the reasons I've explained above, my final decision is that Lloyds Bank PLC should pay a further £300 to Miss T, as it'd already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 18 January 2016.

Rebecca Ellis
ombudsman