

The complaint

Mrs V has complained Lloyds Bank PLC closed her accounts and added a fraud-related marker to her record.

What happened

In 2022 Mrs V discovered Lloyds – who’d closed her personal accounts – had added a fraud-related marker to the industry database, CIFAS, for misuse of facility. She didn’t understand how this could have happened and was unhappy that Lloyds had behaved as judge and jury without providing her an opportunity to explain her circumstances. Mrs V understood this involved her being the bank signatory for a business account. This account was held in the name of M, a limited company.

Mrs V had ceased to be a person of significant interest in M from mid-2020 and had resigned as a director later that year. Lloyds, however, noted that she was the only named person on the business bank account despite Mrs V stating that she didn’t use the account.

In 2021 Lloyds noted that M had received what they were told was a significant loan. However their investigations had led them to believe otherwise. It was after this date that the account was closed and a CIFAS marker loaded against Mrs V’s name.

Lloyds wouldn’t remove the marker so Mrs V brought her complaint to the ombudsman service.

Our adjudicator reviewed the evidence. He didn’t think Lloyds had done anything wrong and wouldn’t be asking them to remove the fraud marker.

Mrs V has asked an ombudsman to review her complaint as she firmly believes no marker should apply as she had nothing to do with the running of M at the time of what Lloyds believed was fraudulent activity.

What I’ve decided – and why

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 outcome as our investigator. I’ll explain why.

It is clear what the requirements are prior to lodging a marker. Specifically:

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police.”

So Lloyds must be able to provide clear evidence that a financial crime was being committed and Mrs V was involved.

I have been able to review the evidence Lloyds has collated. The following pieces are particularly relevant:

- Mrs V is the only named person associated with M's business bank account;
- Her online banking log on was used for the transactions under review;
- Lloyds was able to contact the supposed provider of the disputed loan (which was paid into M's account in September 2021) who confirmed the paperwork provided by M was not valid.

I don't dispute Mrs V was no longer a director of M at the time of what happened. However she had been involved with M since its inception being a director or acting as secretary, along with family members, at different times. The onus was on Mrs V to notify Lloyds of any corporate changes which would impact the running of the business account. She didn't do that. Therefore I find it odd that she wouldn't have realised she was the only name on the Lloyds bank account and that her online banking details must have been being used to facilitate any business M was carrying out.

Overall I believe Lloyds has made their case for lodging a CIFAS marker against Mrs V. I won't be asking them to do anything further.

My final decision

For the reasons given, my final decision is not to uphold Mrs V's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 8 August 2023.

Sandra Quinn
Ombudsman