

## **The complaint**

Mr K has complained that Lloyds Bank PLC registered a marker against him at CIFAS, the national fraud database.

## **What happened**

In 2020, Mr K received £10,000 of fraudulent funds, and began withdrawing it in cash. Lloyds received a fraud report and blocked the account. They spoke to Mr K, who said the money came from his international student sponsor for his studies. He couldn't explain why it had been reported as fraud. They asked for evidence of his entitlement to the funds, but he didn't get back to Lloyds with that. Lloyds closed his account and registered a marker at CIFAS.

In 2023, Mr K complained. He says Lloyds never gave him a chance to explain his side of the story. He now says the money was for a friend who didn't have a bank account, who asked Mr K to receive money for them. Mr K says he gave the cash to the friend, didn't profit himself, and was unaware it came from an unreliable source. He says he asked the friend to help him evidence his innocence back in 2020, but the friend disappeared. He says he has no evidence of any contact with the friend as it was all done verbally.

Our investigator looked into things independently and didn't uphold the complaint. Mr K asked for an ombudsman to look at his case afresh, so the complaint's been passed to me to decide.

## **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.

In order to register this marker, Lloyds were not required to prove beyond all reasonable doubt that Mr K had done something wrong. They did need to have reasonable grounds to believe that he'd misused his account, which went beyond a suspicion or concern, and which had appropriate supporting evidence. Having carefully considered everything that both sides have said and provided, I think Lloyds did have sufficient grounds to register this marker. I'll explain why.

The activity on the account is consistent with fraudulent use. For example, Mr K opened the account shortly before the fraud. He all but emptied the account of his own money before the fraud started, such that his own money would not be used to repay the fraud victim. Then when the fraudulent funds came in, he quickly began withdrawing money at his card's limit. This meant that that cash couldn't be recovered once the fraud was reported. There's no evidence that anyone else received the cash. As far as I can see, Mr K appears to have been the main beneficiary of the fraud.

Mr K originally told Lloyds he was entitled to the money. But he was aware it had been reported as fraudulent, and he didn't provide any evidence of his entitlement at the time. He also hasn't been able to provide any evidence of his contact with the alleged friend. And I'm afraid it's not credible that Mr K and his friend would have absolutely no written contact at all, especially when arranging for Mr K to receive such a substantial sum of money. At the least, they would reasonably want to confirm the account details, timings, and amounts in writing to avoid mistakes. And this was a friend who Mr K said he'd known for some time, and who apparently trusted Mr K to handle large sums of money for them. So it's not plausible that Mr K would have no evidence at all of any contact ever with this friend. Indeed, I don't have any evidence to substantiate that this person even exists.

I'm afraid I do need to note that Mr K's testimony has been notably inconsistent. He told Lloyds and our service substantially different things at different times. Further, if Mr K had really been unaware of the source of the funds, and if he'd simply thought he was innocently helping a friend – as he now claims – then there's no good reason he would've felt the need to make up a story to Lloyds in 2020.

Finally, I've not seen any evidence which makes it seem implausible or unlikely that Mr K could've knowingly and willingly received and spent fraudulent funds.

In summary, Mr K received and withdrew fraudulent funds. His account activity is consistent with him being knowingly involved in fraudulent activity, and he appears to have benefitted from the fraud. His testimony has been unreliable. He's not been able to provide any evidence of what he said happened, despite being given multiple opportunities to do so, and it's not plausible that he'd have no substantive evidence whatsoever.

So it seems fair that Lloyds registered a marker against Mr K at CIFAS. It's also fair that they closed his account, which they were allowed to do under the terms in this sort of situation. This is a difficult message for me to give, and I know it's a difficult message for Mr K to receive. But given the evidence I have, and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

### **My final decision**

For the reasons I've explained, I don't uphold Mr K's complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 June 2024.

Adam Charles  
**Ombudsman**