

The complaint

Mr K complains that Coventry Building Society (CBS) closed his account. They recorded a marker with the fraud prevention agency CIFAS. He'd like the marker removed.

What happened

Mr K held an account with CBS. In April 2021 he found that his account had been restricted, and he wasn't able to transact on it. Later in May 2021 CBS wrote to him to say they would be closing his account. They sent a cheque for the closing balance. He complained about this, but CBS replied to say that as a result of an investigation they had decided to close his accounts. This reply gave Mr K six months to refer his complaint to our service.

In May 2022 Mr K found that CBS had recorded a marker against him with the fraud prevention agency CIFAS, alleging he had used his account for financial crime. After speaking to CBS he sent them documents from a sale of land that he says showed he had sold property, and that was the source of the funds in his account when it was restricted. But CBS declined to remove the marker.

Mr K then referred his complaint to our service. He said the police had investigated him, but it hadn't gone any further. One of our investigators looked into it but didn't think CBS needed to do anything further. They were satisfied the society had enough evidence to meet the standard set out by CIFAS to record a marker.

This wasn't accepted by Mr K. As no agreement could be reached the complaint has been passed to me to decide. After review I wrote to both parties to explain that I thought the complaint about the block and closure was referred to us out of time, so I would not be commenting on this in the decision. I also requested information from both parties, which has now been received.

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.

Firstly, to cover off in full my thinking on our jurisdiction to consider this complaint, I can see that CBS responded to Mr K's complaint about the block and closure of his account in June 2021 – and this response said that if Mr K remained unhappy, he could refer his complaint to our service, but had six months to do so. If he didn't then they wouldn't consent to us looking into the complaint. This is in line with the time limits for our service, as set down in the Financial Conduct Authority's Dispute Resolution (DISP) rulebook. The first contact our service had from Mr K was in June 2022 – which was outside the six-month time limit. And I've no indication of any exceptional circumstances that would allow me to set aside this time limit. As it's outside the time limit, I cannot consider the relative merits of the decision to block and subsequently close Mr K's account. But I do consider it relevant background to the complaint Mr K did refer to us in time, which is about the CIFAS marker.

To record a marker with CIFAS the financial business involved needs to have met the standard of proof laid out by the agency. I won't detail the standards in full here, but the general principle is that the business needs to have sufficient evidence that fraud or financial crime has been committed and that the consumer was a participant in this. They need to have carried out sufficient checks to satisfy themselves this is the case, and the evidence needs to be clear and rigorous.

In this case the CIFAS marker concerns several payments into Mr K's account. CBS have concluded that these were paid in fraudulently. They've not discussed their exact reasons for this conclusion with Mr K, so it wouldn't be appropriate for me to detail them here. But I'm satisfied they are genuine concerns.

Mr K has said the funds paid in were for the sale of his property abroad, and he has provided some documentation that he says demonstrated a sale was agreed. But I note that the name on documentation is different from Mr K, and I'm not persuaded by his explanation that his brother was acting on his behalf. There also isn't a clear explanation of why these funds were then paid into Mr K's account over several days – the first payment is made the day before the date on the documents, the rest are made over a month later. This seems a highly unusual way for payments to be structured. Nor has Mr K provided any documentation to show the payment instructions given to the buyer. It also conflicts with the payment references to "Family support".

Overall, I'm not persuaded by that Mr K has demonstrated his entitlement to the funds paid into the account. Taking everything that is available to me into account I'm satisfied that CBS have met the standard of proof required by CIFAS. I'm sorry to hear how this has affected Mr K. But I'm minded that it's not unreasonable for CBS to have recorded the marker with CIFAS, so I'm not directing them to remove it.

My final decision

My decision is our service does not have the power to consider the block and closure of Mr K's account as it was referred to us out of time. And I do not see that Coventry Building Society should remove the CIFAS marker.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 1 December 2023.

Thom Bennett
Ombudsman