

The complaint

Mr F complains that Nationwide Building Society ("Nationwide") unfairly lodged a marker against him with a fraud prevention agency and closed his account.

What happened

In November 2019 Mr F opened a new account with Nationwide. In December 2019 he received several payments into his account that were reported by another bank as fraudulent payments – the result of a scam against the owner of the account.

Nationwide reviewed Mr F's account and decided to close it. They attempted to speak with Mr F on one occasion prior to the closure but were unsuccessful. They then sent him a notice that they were closing his account with immediate effect. Nationwide later accepted they could have attempted to contact Mr F again to explain the account closure and offered him £100 for their lack of service. Based on the report from the bank, Nationwide submitted a report to CIFAS, a fraud prevention agency concerning the activity on Mr F's account.

Below is a table of relevant activity:

| Date | Type of activity | Amount | Notes |
|------------|--|--------|----------------------|
| 21/12/2019 | Transfer in | £1 | From scammed account |
| 21/12/2019 | Transfer in | £200 | From scammed account |
| 21/12/2019 | Transfer in | £50 | From scammed account |
| 21/12/2019 | Voucher purchase x 4 | £350 | |
| 21/12/2019 | Online banking accounts displayed x 9 times | | |
| 23/12/2019 | Transfer in | £150 | From scammed account |
| 23/12/2019 | Voucher purchase x 3 | £150 | |
| 23/12/2019 | Online banking accounts displayed x 15 times | | |
| 08/01/2020 | Cash credit | £870 | |

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|-----------------|--------------------------------|-----------|----------------------------|
| 08/01/2020 | Cash withdrawn | £870 | Balance on account £ 0.87p |
| 10/01/2020 | Bank credit | £1,058.45 | |
| 11/01/2020 | Cash withdrawal | £1,000 | Balance on account £59.32 |
| 20 – 27/01/2020 | Direct Debits returned unpaid. | | |
| 28/01/2020 | Account closed. | | |

Mr F was unaware of this report until a few years later when he found difficulty in opening other bank accounts. He later discovered Nationwide had reported him to CIFAS and raised a complaint, seeking the removal of the CIFAS report. Nationwide rejected the complaint.

Mr F then brought his complaint to the Financial Ombudsman Service for an independent review. An adjudicator was assigned to look into the complaint and received information from both parties.

Mr F explained that his financial position at the time of the incident was very poor and he was attempting to obtain loans from various companies. At some point he was offered a loan (£700) but was told he would have to establish his application was legitimate by purchasing vouchers/watches after money was paid into it by the loan company.

Mr F said once he received the funds into his account (from the loan company but actually from the scammed account), he purchased vouchers and photographed them which he then sent back to them. Mr F said he was so desperate for the loan that he also purchased additional vouchers with his own money (£100) to show he was a legitimate loan applicant.

Mr F said he was in contact with the company through a messaging app, although there are no messages available. He was unable to retrieve any of the other loan applications he made due to the time that had passed. Mr F provided photographs showing the receipts he'd later sent to the loan company.

After considering all the information, the adjudicator didn't uphold Mr F's complaint, commenting that the available evidence indicated Mr F was expecting the fraudulent funds to be paid into his account (because he was checking his online banking) and then used those funds to purchase vouchers.

Mr F disagreed with the outcome and asked for a further review of his complaint which has now been passed to me for a decision.

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.

The marker applied by Nationwide against Mr F required them to meet strict standards laid down by CIFAS – a fraud prevention organisation. Those standards were explained in the adjudicator's report, so I'll summarise them here rather than duplicate them.

Essentially, Nationwide had to be satisfied there were reasonable grounds that a financial crime or fraud had been committed. This was established when the account holder whose funds were transferred into Mr F's account explained how he was caught up in a loan scam and paid money to Mr F's account.

The next stage is that Nationwide had to have evidence that was clear, relevant and rigorous supporting their assertion that Mr F was involved, rather than as an innocent dupe.

I don't think there's any argument here that Mr F utilised the majority of the funds he received from the scam by purchasing several vouchers and sending them to another person. His argument is that he was also caught up in the scam and duped into receiving stolen funds, before purchasing the vouchers.

Mr F said that he needed funds from a loan and made many applications, but no longer had any details about those loans he was applying for or copies of any messages with the scammer. He has provided details of his credit standing at the time which shows his overall financial situation and some evidence of financial difficulties.

I accept that Mr F had other outstanding loans (which he appears to have had difficulty repaying), but I do have some doubts about his version of events. He's told us that he could only receive the loan once his account was verified. In order to do that he was told that he would receive funds into his account which he then had to use to purchase vouchers (but also talked about purchasing watches) and send photographs of them to the person providing the loan.

Mr F didn't question this rather unusual procedure and as soon as the funds (received from the scammed account) arrived in his own account, he purchased vouchers (these were for a well-known online seller) and sent photographs of them to the person he was dealing with. The record of mobile banking logins on the days he received payments from the scam show an unusually high number of requests to view his statements. It appears that Mr F was waiting for the money to then purchase the vouchers as soon as he could.

Mr F's Nationwide account (which he'd only had open a short while) shows that he received £401.00 from the victim of the original loan scam. The first payment was for £1.00, this appears to be a payment made in order to test the bank account details (Mr F's) were correct, so it seems both implausible and unnecessary that further payments paid into the account and turned into vouchers were required to check that Mr F's bank account was verified.

Those same statements also show that Mr F purchased £350 of vouchers (from his Nationwide account), leaving £50 of the scammed funds in his own account which were spent through other normal spending. In his evidence Mr F provided vouchers that totalled more than £400 and he attributes the extra payments as a desire to persuade the person he was dealing with that he should receive the loan.

Considering Mr F has said he needed a loan – which would indicate his finances were tight, I was surprised that he then spent some of his own funds in order to send more vouchers to this person. The loan was reported as being for £700, so it seems unlikely that someone who was in such a tight financial position would spend their own funds (£100), after following this rather unusual process to purchase vouchers with funds paid into his account.

I do accept that Mr F has provided vouchers that show he spent more than he received, but his Nationwide account doesn't show how those other vouchers were paid for. What it does show is that Mr F had about £50 left in his account from those scammed funds he received.

The situation Mr F found himself in was a critical step in the utilisation of funds from another financial fraud (being the loan scam reported by the account that sent funds to Mr F). What's likely to have happened is that the sending account's owner was persuaded to send funds to Mr F's account. In order to then utilise those funds and mask who was the ultimate recipient of them, the vouchers were purchased and sent on, probably to buy expensive and easily sellable goods.

Mr F's actions here were to take those funds and turn them into usable cash – either through the knowledge of what he was doing or as an innocent dupe in the process. The question for me to consider - was the decision by Nationwide to load a marker against him fair and reasonable?

I can appreciate that someone in a difficult financial situation may turn to other types of funding, but Mr F's explanation seems rather implausible based on the evidence:

- There's no evidence to support he was dealing with any sort of loan company.
- Mr F was never able to explain how purchasing watches came into the arrangement.
- The verification of his account was satisfied with the £1.00 payment.
- £50 from the scam was left in Mr F's account.
- Spending his own funds on additional vouchers seems an unlikely step given the dire financial situation Mr F says he was in – particularly when the loan was for £700 and he voluntarily paid over about 14% of that amount without any agreement that it would be returned.
- The payments came from a private account (not a company).
- Unusually high views of account balances using mobile banking on the day of the expected incoming payments – appears Mr F was waiting for the payments.
- The account had only been open for a short while.
- The account was effectively cleared out prior to Nationwide raising the issue of the account conduct and advising it would be closed.
- The overall loan scheme doesn't seem either plausible or realistic.

When I've examined the way the account operated, it had only been open for a short while before these scammed payments arrived and was effectively cleared out by Mr F prior to Nationwide telling him the account was to be closed. Mr F has said he made two large withdrawals in cash (which left the account with minimal funds) because he had to pay someone money he'd loaned from them. I haven't seen any evidence of this debt, so it's difficult to ascertain why these funds were removed.

What is apparent that after removing these funds, the account was effectively abandoned, and a number of legitimate direct debits were returned unpaid. All this happened prior to Mr F being informed of Nationwide's concerns. If, as Mr F argues, he was the innocent victim, then why did he treat the account in this way? I also couldn't comprehend someone who stated they had such financial difficulties leaving funds in the account – even though it was only about £50 – it was still Mr F's funds.

Overall, I'm not persuaded that Mr F was involved in a legitimate arrangement to somehow

obtain a loan by purchasing vouchers and I think Nationwide's decision to load a marker against him with CIFAS was both fair and reasonable. I won't be asking them to do anything about the marker.

Account closure

Once Nationwide decided they had enough evidence to lodge a marker with CIFAS, this was also a trigger for them to close the account. It's not surprising they'd do this based on their view of how it was being operated and the account terms enable either party to end the relationship. I don't think their decision was unfair or unreasonable and I won't be asking them to do anything further.

Nationwide accepted that they should have tried harder to contact Mr F at the time and recognised this failing with a payment of £100. I think this was an appropriate way for them to deal with this oversight.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 December 2023.

David Perry
Ombudsman