

The complaint

Mr B complains that Koto Card Limited unfairly recorded a marker against him with the fraud prevention agency CIFAS, which was subsequently removed. He'd like compensation for the disruption this caused.

What happened

The facts of this case are known to both parties, and largely aren't in dispute, so I'll mention them only briefly here.

Mr B held an account with Koto Card, trading as The Credit Thing. But in January 2023 the account was abruptly closed. He later discovered that a marker had been recorded against him with the fraud prevention agency CIFAS, for receiving funds later reported as fraudulent. He complained to the business, but they said they'd closed his account in line with their terms and conditions.

The Credit Thing later acknowledged that the loading to CIFAS was a mistake, as Mr B was likely an unwitting party to the fraud. They removed the marker in May 2023.

Mr B complained to our service saying the marker had had a significant impact on his life – other bank accounts of his had been closed, and he'd been declined jobs because of the marker. One of our investigators thought it was appropriate that The Credit Thing pay him some compensation to reflect the inconvenience and distress caused. They suggested £200.

This was accepted by Mr B. The Credit Thing didn't respond to our investigator's assessment despite several chasers.

As no agreement could be reached the complaint has 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.

It's right that The Credit Thing treat any reports of fraud seriously – they legal and regulatory obligations to meet which require them to monitor accounts to help detect and prevent financial crime. But, to record a marker with CIFAS the expectation is that they'd have carried checks of sufficient depth to determine that both fraud or a financial crime has been committed, and that Mr B was a witting party to this fraud.

In this case it doesn't appear any checks were carried out, and The Credit Thing have now accepted Mr B wasn't involved and removed the marker. But it's clear to me it was unreasonable to record the marker in the first place.

A CIFAS marker can make it significantly more difficult to access financial services. Mr B has detailed the difficulties he's had, although I don't see that he's demonstrated specifically

having accounts closed or being denied work. But he's been consistent on this point and has also detailed the impact on his mental health, so I have no reason to doubt what he's said.

I accept the CIFAS marker is likely to have had a detrimental impact on Mr B for the approximately four months it was recorded. As such I think it's appropriate The Credit Thing pay him compensation accordingly, and I'm satisfied £200 is a reasonable amount.

My final decision

My final decision is that I uphold this complaint, and direct Koto Card Limited to pay Mr B £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 April 2024.

Thom Bennett
Ombudsman