

The complaint

Mr A complains that Starling Bank Limited unfairly lodged a marker against him with a fraud prevention service - CIFAS.

What happened

Mr A had a Starling account which received payments into it from different people, some of them were later reported as being part of a scam. Mr A was asked by Starling to provide proof of entitlement (POE) for these funds. Two sets of payments were involved and the first one was paid into his account on 16 June 2022 consisting of two payments, one for £1 and the second for £319.

The bulk of the funds were sent almost immediately by Mr A to another account (referred to here as M). Starling asked Mr A about the payments he'd received; he told them the money was for a "paid promotion" on behalf of his friend. He said he was asked by M to receive the funds and send them to him because his (M's) account was locked. Mr A sent in evidence related to the payment which Starling accepted. Starling advised Mr A to avoid using his account for business reasons as this could risk it being closed.

A few days later, Starling received another fraud report concerning a bank transfer for £625 paid into Mr A's account. Those funds were either spent at various merchants using the account's debit card facility, transferred to different bank accounts or removed as cash (£200) by Mr A. The bulk of the funds were sent to M.

Mr A was again asked by Starling to show he was entitled to the money. He sent in screenshots showing he'd been involved in promoting social media sites. Starling were doubtful the evidence was genuine and told Mr A they were closing his account. They also applied a marker against him with CIFAS.

CIFAS are a fraud prevention service who collate information about persons believed to be involved in various fraudulent financial activities.

Mr A twice asked Starling to remove the marker. On the first occasion he said he was the victim of a scam and provided evidence to Starling. On the second occasion Mr A said he was manipulated into allowing his account to be used for what he believed was a genuine purpose. Starling didn't accept Mr A's explanation and declined to remove the marker.

Mr A complained to Starling about their decision. They reviewed their actions but wouldn't change their position. Mr A remained unhappy and brought his complaint to the Financial Ombudsman Service for an independent review.

An investigator looked at the evidence provided by both parties and spoke with Mr A who said that he was coerced into using his account and moved funds out of fear.

Mr A was asked why his story had changed and he clarified that the evidence he'd sent to Starling had been given to him by his friend to help him get out of trouble. He also said that he (rather than his friend) carried out the transfers using his own phone. Mr A said he was

told what to do with the payments, including withdrawing cash for them.

The investigator concluded that Mr A's version of what happened was conflicting and thought that Starling had met the required standards laid down by CIFAS and didn't recommend they remove the marker.

Mr A disagreed with the report and summarised that it was too long ago to remember the specific details and he'd been in fear for his safety at the time. He said that he was under duress to act on their instructions. Mr A believed a later assault on him was linked to this issue. He thought that Starling had failed to treat him as a victim and instead had caused him considerable stress.

As no agreement could be reached, the complaint 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.

Starling, along with other banks monitor their accounts for suspicious activity. If they receive information about their account holder (as they did here), they're required to investigate the matter and report their account holder to CIFAS if certain standards are met. CIFAS are a fraud prevention service who maintain a register of persons linked to suspicious activity using their accounts. There are strict rules before lodging such a marker because having one in your name can cause difficulties obtaining financial products and they can last up to six years.

Starling are required to meet certain standards relating to two main questions before lodging a marker. One, did Starling have reasonable grounds to believe that a fraud or financial crime had been committed or attempted? Here they received notice from another bank that Mr A's account had received funds from a scam against the sending account holder. So, this gave Starling sufficient evidence to meet the first question.

Secondly, did they have clear, relevant and rigorous evidence that they could confidently report the matter to the police? That means it must be more than just a suspicion.

Starling asked Mr A about the first payment, and he sent them evidence that he'd been helping a friend out whose account had been blocked and the payment was for a "paid promotion" linked to a social media platform. Mr A explained his role in several messages between himself and Starling. Starling accepted the evidence, but it later transpired that Mr A wasn't being entirely honest with them.

He later confirmed that he'd been given those details to help him out and said he did it because he was being coerced. So, the story about a "paid promotion" was made up by his friend at the time.

On the second occasion, Mr A told Starling it was him who was carrying out the "paid promotion", but Starling didn't believe the evidence Mr A sent them and given the fictional story first provided, I don't doubt that Starling were correct in their assessment.

Mr A appears to have continued to receive money in suspicious circumstances, even after being warned by Starling that using his account for apparent business purposes risked it being closed.

When Mr A brought his complaint to our service, he had a different version of events and said that he'd been involved because he thought the people asking to use his account were friends and this turned into a coercive relationship where he feared for his safety.

It's difficult to assess what's the genuine story because Mr A has given different versions depending on who and when he spoke with them. Originally he didn't mention anything about being coerced, he just tried to pass off his involvement by using what appears to be fictional stories, backed up by false evidence.

Given the fictional story he told Starling at the time, I'm satisfied they met the second requirement in order to lodge a marker with CIFAS. But, that's not the end of the issue. Because Mr A was a young man at the time, it's possible he was unwittingly caught up in the scheme to move fraudulent funds around, so it's relevant to my investigation to better understand the situation he found himself in. If, for example, the evidence points to a young person who was put in a difficult position (which is his current version), then I'd consider whether it was fair to maintain the marker against him. On the other hand, if the evidence pointed towards Mr A being more involved than his story suggested, then I wouldn't recommend the marker be removed.

In order to look at the issue as a whole, I've also examined the statements. Mr A has told us that he was coerced into the situation. In that case, I wouldn't expect him to have profited from the money he was moving around. The statements do show that some of the funds reported as fraudulent were spent by Mr A, including a cash withdrawal. Mr A has said he was told to withdraw cash, which may, or may not, be the truth. But, using his card to make multiple purchases after receiving the funds is difficult to argue it was for someone else or as a result of being coerced.

There were other significant movements of money on the account, although these weren't reported as fraud. Many of them have the "paid promotion" note attached to the payments, so it's suggestive there were numerous other "arrangements" involving his friends.

Mr A's statements show numerous transfers between himself and M over many months. On many occasions, funds were sent by M to Mr A, which doesn't particularly support his case that he was in a coercive relationship. Why would someone who was coercing Mr A then send him funds from their own account?

Mr A said a later assault was connected to his involvement, but as there's no real evidence of this connection, it's difficult to take into consideration and I haven't given it much weight.

Mr A's testimony has changed from when he was first asked about the suspicious payments, where he presented a false account to Starling. He continued to receive fraudulent payments into his account, despite Starling's warning and his version of events evolved to being coerced into receiving those funds and moving them on. But, the receipt of funds into his account sent by M and Mr A's use of part of those scammed funds suggest a different sort of relationship that didn't involve coercion.

Overall I wasn't persuaded by Mr A's revised story and I won't be upholding his complaint as I'm satisfied that Starling met the requirements of CIFAS to lodge the marker. I've not found anything that would suggest it's appropriate to ask them to remove it prior to the relevant removal date. I think, based on a fair and reasonable assessment, that Starling's actions were appropriate based on the evidence they were presented with.

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 A to accept or reject my decision before 29 July 2024.

David Perry
Ombudsman