

The complaint

Mr S complains that Nationwide Building Society (Nationwide) loaded a fraud marker against his name and closed his bank account.

What happened

Mr S had a current account with Nationwide. In December 2023, Mr S received some funds into his current account, which he withdrew the same day.

Later, a third party bank raised a fraud report with Nationwide which said their customer had been a victim of fraud and the funds had ended up in Mr S' account. Nationwide asked Mr S about the funds and he said the money was from a business deal he'd completed, and the money was owed to him. He wasn't able to provide any evidence about the business deal, or that he was entitled to the funds. Because of this Nationwide closed Mr S' account and recorded a fraud marker with CIFAS (Credit Industry Fraud Avoidance System).

Mr S remained unhappy and complained. He provided some more information to Nationwide about the funds – he said that the money was a refund for a rental car. Mr S still couldn't provide any proof that the money was meant for him, he said all the conversations were done face to face.

Nationwide responded to Mr S' complaint. They said because he hadn't been able to provide any evidence of where the money came from, or that he was entitled to it – they were satisfied with their decision to record a fraud marker against his name. They also said under the terms and conditions of the account they were entitled to close it.

Mr S disagreed and brought his complaint to this service. An investigator considered it. They had a couple of conversations with Mr S but they weren't persuaded by his version of events. Mr S also couldn't provide any further evidence to support his side of the story or to show the money was meant for him. As a result, the investigator said that Nationwide were entitled to add the fraud marker and to close his account.

Mr S still disagreed so the complaint has been passed to me to consider.

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.

Recording the fraud marker

One of the relevant considerations here is set out by Cifas in its handbook - which members must adhere to. It explains the burden of proof the member must meet when recording a fraud marker. The relevant standards regarding this complaint are:

1. That there are reasonable grounds to believe that a fraud or financial crime has been

committed or attempted.

2. That the evidence must be clear, relevant and rigorous such that the member [Nationwide] could confidently report the conduct of the subject [Mr S] to the police.

To meet the above standards, the member must carry out checks of sufficient depth and retain records of these checks. This should include giving the account holder the opportunity to explain the activity on their account to understand their level of knowledge and intention.

In this instance, Nationwide received a fraud report from a third- party bank, which said the money Mr S received in his account was fraudulent.

When Nationwide questioned Mr S about the money he'd received in his bank, he initially said it was from someone he had done business with. He then later said it was from someone who was meant to rent a car to his friend and that's why he withdrew the money straight away because it was owed to them.

He has since told this service that he and his friend were meant to rent a car from someone, but it never transpired. They paid with cash, but they were owed a refund. He says the money that entered his account was part of the refund. He says he has been the victim of fraud, not the other person.

Mr S has not been able to provide evidence of any conversations he had with this person as he said it was done face to face or via a social media platform that deletes messages. This means he hasn't been able to evidence that he was entitled to this money.

I've thought carefully about Mr S's testimony but given that it has changed throughout the life of this complaint – I'm not persuaded by it. Firstly, the money was intended for Mr H, then it was for a friend and then it was for both Mr H and his friend. I'd also expect there to be proof of a contract or agreement if Mr H was renting a car from someone – something he hasn't been able to provide.

I must base my findings on the evidence I have available, which is very little. But I think it's more likely than not, that Mr S was complicit in receiving fraudulent funds into his account. Therefore, I'm satisfied that Nationwide has met the relevant standards set out above and was entitled to record a fraud marker against Mr S.

Closure of account

Businesses have the right to close a customer's account, as long as this is done so fairly and in line with the terms and conditions of the account or any relevant law and regulation.

In Nationwide's terms and conditions, it sets out that it can close a customer's account immediately if it has reasonable grounds for thinking a customer has provided false information or has committed, or attempted to commit, fraud against it.

As I've already highlighted above, I'm persuaded that Mr S was complicit in receiving fraudulent funds into his account and this presented a risk to the bank. I therefore find that Nationwide were reasonable in closing Mr S' account regardless of notice given.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or

reject my decision before 25 October 2024.

Rachel Killian
Ombudsman