

The complaint

Miss R complains that Monzo Bank Ltd has registered a fraud marker at CIFAS the national fraud database.

What happened

Miss R says that her account was 'hacked' and that she wasn't responsible for payments to her account on 23 April 2021. She says that the CIFAS marker against her name is incorrect.

Monzo Bank said it hadn't made a mistake and wouldn't be removing the marker.

Our adjudicator didn't recommend that the complaint be upheld. He explained that there was a high bar for a CIFAS marker to be registered. Here Monzo Bank had received a report from a third-party bank that five payments sent to Miss R's account between 22:43 and 22.48 hours on 23 April 2021 had been obtained fraudulently. The total of £2,400 had been paid out from the account within minutes to a payee Miss R had credited before.

He could see that all logins to the account that evening had been made using an IP address Miss R had used before. Her email address and a 'magic link' sent to the email address were required to log in. Although the email address on the account had been changed at 22:26 that day, this was to one Miss R had since used in her complaint correspondence with Monzo Bank. The faster payment from her account had been authenticated with an encrypted PIN. And it had been made as Monzo Bank said to a payee and with a reference Miss R had used before. He noted that Miss R said that this related to account she'd opened that had been hacked too. But he didn't think that there was a plausible explanation of how Miss R's Monzo Bank account had been accessed by a fraudster. Or why a fraudster would send money to another account of the person being hacked. He noted that Miss R said that Monzo Bank hadn't spoken to her about the marker, but he thought it had sufficient evidence to apply this.

Miss R didn't agree. She explained that she had mental health problems. She believed her account had been hacked and she wasn't aware of these transactions. This has led to her accounts at other financial businesses being closed too. This had caused her extreme stress and financial difficulty. She is unable to open an account elsewhere and this had ruined her life.

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.

I need to consider whether the report to CIFAS was made fairly. On this point, Monzo Bank needs to have more than a suspicion or concern. It has to show it had reasonable grounds to believe that a fraud or financial crime had been committed or attempted and that the evidence would support this being reported to the authorities.

I've reviewed the audit and systems evidence it has provided about the payments that day. I'm satisfied that the log on to Miss R's account came from a device that had previously been used to access the account. The email address used was one she had access to. And the payment out of the account required an encrypted PIN and so used strong customer authentication. The payment went to an account Miss R had set up. There is no evidence to support that the account the payment went to had been hacked. And I don't find it most likely that an unknown third party would have been able to access her Monzo Bank account in this way. I find it most likely she was complicit in these transactions.

Monzo Bank says that it applied the CIFAS marker because Miss R received fraudulent funds into her account. So, I've looked at whether Monzo Bank was fair to apply the marker, based on the evidence it had, and the investigation it carried out. CIFAS guidance says the business must have carried out checks of sufficient depth to meet the standard of proof set by CIFAS. This essentially means that it needs to have enough information to make a formal report to the police. And that any filing should be for cases where there are reasonable grounds to believe fraud or financial crime has been committed, rather than mere suspicion.

Having reviewed Miss R's account of events and the evidence Monzo Bank has provided, I'm satisfied that Monzo Bank had sufficient evidence for the CIFAS marker to be recorded. In coming to this view, I've taken into account the following reasons:

- Miss R received fraudulent funds into her account.
- She was in control of who had the benefit of this money.
- Monzo Bank had grounds to believe that Miss R had used fraudulently obtained funds based on the evidence it had.

I'm sorry to hear about the difficult circumstances Miss R has described and how what happened has affected her. But I'm afraid that I don't have a reasonable basis to find that Monzo Bank has made a mistake in applying the CIFAS marker or should do anything further. I know she will be very disappointed by what I've said about her complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 14 June 2022.

Michael Crewe
Ombudsman