

The complaint

Miss S complained because Monzo Bank Limited closed her account and recorded a CIFAS fraud marker against her name.

What happened

On 19 January 2021, Miss S opened a Monzo account with £0.01, by faster payment.

On 21 January, a faster payment for £100 credited the account, and £100 was immediately transferred to an account elsewhere in Miss S's name.

This was followed by two more faster payment credits, one for £0.30 and one for £200. The £200 was immediately transferred to an account elsewhere in Miss S's name.

This was followed by another faster payment credit for £300, and £300 was immediately transferred to an account elsewhere in Miss S's name.

On 22 January, there was a faster payment credit for £190.

On 23 January, Miss S rang Monzo because she couldn't withdraw the £190. She said she'd had a message saying the account had been temporarily disabled. The advisor told Miss S that Monzo had taken the decision to close Miss S's account. She asked why, and he said he didn't have any more information he could give her. The adviser took details of a non-Monzo account for the balance of the account to be transferred to.

Monzo also recorded a CIFAS fraud marker against her name. CIFAS is a fraud prevention membership organisation with a large database. Members, such as Monzo, register markers against individuals, and can view information recorded by other members. Before a member can record a marker, they have to satisfy a high standard of proof, and set standards. These standards include a requirement that there are reasonable grounds to believe that a fraud or financial criminal offence has been committed or attempted. That evidence must be clear, relevant and rigorous such that the member could confidently report the conduct to the police.

In mid-March, Miss S rang Monzo again. She said that she'd looked on the CIFAS website and it had said she should contact Monzo and ask for a final response letter. She said a friend had said if he put money into her account, she could keep some and he'd have some of it. She also mentioned a fraud which had happened on an account she had elsewhere, which she said meant she'd lost money, so she'd agreed. The advisor said that Monzo couldn't reopen the account, which Miss S said she understood, but she wanted the marker removed. She said the CIFAS website said she needed a final response letter from Monzo to appeal to CIFAS, so she complained.

In its final response letter, Monzo said that it wasn't upholding her complaint, because it had complied with its regulatory obligations, and its obligations to Miss S as a customer. Monzo said that it understood the crux of her complaint was about the CIFAS marker. It said that as

a result of Miss S's complaint, it had had this reviewed by a senior specialist, and it had taken the decision that it wouldn't be removing the CIFAS marker. Monzo also said it wouldn't be providing Miss S with any further information about the decision, or about the reason it had been raised initially.

Miss S wasn't satisfied and complained to this service. She said one of her friends had asked her if they could use her bank account, and she'd be able to keep some and would give them some of it as well. Miss S said the CIFAS marker had ruined her future as it was being really difficult and she wouldn't be able to open a bank account for six years. Miss S said *"I regret the decision of being a money mule every day."*

Our investigator spoke to Miss S and said she found what she said was plausible. She accepted that the account had been used for illegitimate payments but thought it was more likely than not that Miss S hadn't been deliberately complicit.

Monzo didn't agree. It sent further evidence of its reasons, and asked for an ombudsman's decision.

My provisional findings

I issued a provisional decision on this complaint. Before doing so, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint. In the provisional decision, I considered the closure of Miss S's account, and the CIFAS marker.

Closure of Miss S's account

I explained that under the terms and conditions of Miss S's account, Monzo had the authority to close the account. Under the section *"Closing your account"*, these terms and conditions set out that customers can close their accounts. It says that Monzo can close an account too, by giving at least two months' notice, but it may close an account immediately under certain circumstances. These include

"...if we believe you've:

- broken the law or attempted to break the law*
- given us false information at any time*
- given a third party control of your account, phone, card or PIN."*

I accepted that Monzo believed that one or more of these was true about the conduct of Miss S's account. So I found that it was entitled to close Miss S's account, without giving notice.

CIFAS marker

As I've set out above, there's a high standard of proof required before a CIFAS member can record a CIFAS marker against a customer's name. I carefully considered the evidence which Monzo supplied to this service about the usage of Miss S's account. I explained that I couldn't set this out in full, because of security reasons. But I considered that the evidence did meet the standards for Monzo to be justified in reporting a marker.

I recognised that Miss S was unhappy about the consequences of a CIFAS marker against her name, which will be in place for six years. She said that she regrets her decision to be a money mule every day. I realised that this would be because of the impact this will have on her. I also considered whether Miss S's age here might have played a part in how she acted in the context of the reason the marker was applied here.

But there were some notable inconsistencies between what Miss S had told this service and what Monzo's evidence shows. Monzo's evidence was reliable and shows things such as the details and movement of various payments, including who they were made to and from. Miss S told us that a friend had said that if she let him put money into her account, she could keep some and the rest would go to him. But the evidence showed that:

- the money that came into the account came direct from a number of other people – not just from any third party friend of Miss S as she says;
- the incoming credits from these people were taken out immediately by Faster Payments. And it all went to other accounts in Miss S's name. None of it went to any third party;
- there was no other activity on the account, which was opened with 1p two days before the four fraudulent payments. So it wasn't an existing account and Miss S's statement that a friend asked to use her existing account doesn't make sense. The account was only ever used to receive money from other people and to send the proceeds to accounts in Miss S's name.

I accepted that Miss S was young at the time all this took place, but the evidence I saw directly contradicted some of what Miss S told us. In particular, there was no evidence of any third party being involved, who Miss S says persuaded her to act as a money mule. I found the evidence Monzo has submitted to be credible and persuasive as a record of what happened here. This evidence strongly suggested that Miss S would have been more aware of what was happening here than she had suggested to us.

With this in mind, I found that Miss S knew, or ought reasonably to have known, that the account was being used for fraudulent purposes. So having considered all the evidence, I found that Monzo had reasonable grounds to believe that Miss S had committed or attempted a fraud or financial criminal offence. I considered that the evidence was sufficiently clear, relevant and rigorous that Monzo could have confidently reported the conduct to the police.

So I found that filing the CIFAS marker was fair and reasonable in all the circumstances of the evidence Monzo had.

Responses to my provisional decision

Monzo said it had no further comments on the provisional decision.

Miss S didn't reply.

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've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, and in the light of the responses from the parties, I consider that my provisional decision was fair and reasonable in all the circumstances of this complaint.

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 Miss S to accept or reject my decision before 16 June 2022.

Belinda Knight
Ombudsman