

The complaint

Mr B complains that Monzo Bank Ltd closed his account and unfairly registered a CIFAS marker against him. CIFAS is the UK's fraud alert service.

Mr B is also unhappy about the service Monzo provided him when it investigated fraudulent activity on his account. He wants more compensation than Monzo gave him for taking too long to get in touch with him regarding his fraud claim.

What happened

Mr B had an account with Monzo.

In June 2021, Mr B transferred some money into his Monzo account from an account he held with another bank. Following this a payment of just over £460 was made out of Mr B's account to an individual I will refer to as F. Mr B says he never made this transaction and doesn't know F. He says he was the victim of fraud.

Mr B reported the fraud to Monzo who investigated and decided that Mr B had fallen victim to a phishing scam. So, it refunded the money to him in July 2021. It also paid Mr B £50 as a gesture of goodwill for not contacting Mr B within its usual timescales about the fraud. Mr B complained to Monzo and said he should be awarded more compensation. In response, Monzo said it had done enough to put things right. Mr B then continued to use his account.

In August 2021, a payment of £80 was paid into Mr B's Monzo account. The money was transferred out immediately by Mr B. Following this Monzo were notified by another bank that the payment was fraudulent.

Monzo blocked Mr B's account and decided it needed to look into how he was operating his account. Following its review, it placed a fraud marker against Mr B's name with CIFAS, the Credit Industry Fraud Avoidance System. This was for misuse of a facility. Monzo also decided to close Mr B's account.

Mr B complained to Monzo. He said he hadn't done anything wrong and that Monzo had treated him unfairly when it closed his account. Monzo looked into Mr B's complaint but didn't uphold it. It said it had closed Mr B's account in line with the terms and had recorded Mr B fairly with CIFAS. Unhappy with this response Mr B brought his complaint to our service where one of our investigator's looked into what had happened.

The investigator asked Mr B about the £80 payment into his account. Mr B said that the money had been into his account by a friend of a friend for goods that had been sold. The investigator asked Mr B whether he had any evidence to support his explanation. But he didn't provide anything.

The investigator reviewed everything and said that Monzo hadn't done anything wrong when it closed Mr B's account and loaded a fraud marker against him. The investigator also said that Monzo had done enough to put things right regarding the service it provided Mr B when

it was looking into his fraud claim. Mr B disagreed. He said Monzo have treated him unfairly and he wants more compensation because Monzo didn't do enough to protect his account when he fell victim to a fraudster.

As no agreement could be reached the matter has come 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.

I'll deal first with the bank's decision to close Mr B's account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

A bank is also generally entitled to close an account providing it's in line with the terms and conditions of the account. In this instance the terms of Mr B's account say that in certain instances Monzo can close the accounts with immediate notice. And it doesn't have to provide a reason for doing so.

Having looked at all the information available to me, including Monzo's actions and the information it's provided, I've seen nothing to suggest Monzo's decision around closing Mr B's account was unfair. I'm satisfied here that the bank's decision to stop providing Mr B with banking facilities was reasonable. I'm also satisfied that Monzo acted in line with the account terms and relevant regulations when it decided to close Mr B's account. So, I can't say Monzo has treated Mr B unfairly when it closed his account immediately.

I've next moved on to consider the loading of the CIFAS marker against Mr B. The marker that Monzo have filed with CIFAS is intended to record that there's been a 'misuse of facility' – relating to using the account to receive fraudulent funds. In order to file such a marker, they're not required to prove beyond reasonable doubt that Mr B is guilty of a fraud of financial crime, but they must show that there are grounds for more than mere suspicion or concern. CIFAS says:

- *“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; [and]*
- *The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police.”*

What this means in practice is that a bank must first be able to show that fraudulent funds have entered Mr B's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that the consumer was *deliberately* dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. But a marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show *deliberate* complicity.

So, I need to consider whether Monzo have sufficient evidence to meet the standard of proof and load a marker for misuse of facility with CIFAS. Having looked at all the information provided, I'm satisfied they have, and I say this because:

- I've seen evidence from Monzo showing that another bank notified them that Mr B received that the payment paid into his account on 28 August 2021 had been

fraudulently obtained. The payment was for £80 and was paid into Mr B's account via bank transfer.

- Monzo has provided evidence to show that the fraudulent money paid into his account was moved immediately to another account. Mr B hasn't disputed this transaction, so I think it's likely he was responsible for moving the fraudulent funds quickly through his account and onto another. I think this action is significant. Mr B hasn't offered any explanation for why he did this. I think this suggests Mr B was most likely expecting the payment that was paid into his account in August 2021. And he benefitted from fraudulent funds.
- Mr B has explained that the payment was for goods sold on behalf of a friend of a friend. But he has nothing to substantiate he was legitimately due this money. Despite being asked by the investigator to provide evidence to support this explanation he hasn't provided any paperwork or evidence that set out the negotiations, supply of the goods or any communications or adverts that led up to the sale, which is a normal occurrence when goods are sold. It's not clear to me why, if this was a legitimate sale of goods, he hasn't been able to provide this information. Without evidence to the contrary I can't rule out that he knew exactly what was going on and was part of the fraud himself.
- If Mr B had been the unwitting beneficiary of fraudulent funds, I would've expected him to alert Monzo at the time in order that his account could be safeguarded against fraud. But I haven't seen that he did so. I find this unusual as he appears to have been quick to do so in June 2021.
- In my view I think it's most likely Mr B allowed his Monzo account to be used for receiving fraudulent funds. Based on the evidence, I think he was a willing participant in this and in moving the money on. And that he reasonably knew this wasn't a legitimate activity.

So, when I weigh everything up, I'm not persuaded by Mr B's version of events. I think it was fair and reasonable for Monzo to believe that Mr B had been involved in a fraud or financial crime based on the evidence it had. So, I think it was fair for Monzo to register the CIFAS marker against Mr B and I won't be asking them to remove it.

Finally, I've looked at Mr B's complaint about how Monzo dealt with his fraud claim in June 2021. Mr B says Monzo should pay him more compensation. Monzo has already agreed it didn't handle things well and that it should have provided Mr B with better service. Monzo accepts that it didn't contact Mr B within 24 hours of him making his fraud claim and that he had to wait several days for the bank to get in touch with him. From looking at the screen shots of the conversations between Mr B and Monzo at the time, I think it's fair to say that this added to Mr B's upset at an already stressful time – especially as Mr B was worried his bank account was no longer safe. So, I think some compensation is appropriate for this.

Monzo has paid Mr B £50 as a gesture of goodwill. I'm satisfied that this is a fair amount of compensation and proportionate to the trouble and upset Mr B was caused. And that it recognises the impact Monzo's actions had on Mr B in the overall circumstances of this complaint. So, I won't be directing Monzo to do anything more to resolve Mr B's complaint.

My final decision

For the reasons I've explained, my final decision is that I don't require Monzo Bank Ltd to do anything more to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 June 2023.

Sharon Kerrison
Ombudsman