

## **The complaint**

Mr A complains that Monzo Bank Ltd (Monzo) closed his account without notice and wrongly recorded his details on the Credit Industry Fraud Avoidance System (CIFAS). He would like the CIFAS marker to be removed as it is impacting his life including his ability to find a job.

## **What happened**

Mr A had a personal account with Monzo. Monzo closed the account without notice a week or so after it was opened in August 2021. A few days before the account was closed two payments of £60 and £40 respectively were paid into Mr A's account by third parties which Mr A withdrew in cash immediately. Mr A asked Monzo why his account was closed via its chat function but was told it couldn't provide any more information.

Monzo recorded Mr A's details on CIFAS around the same time.

In April 2022 Mr A complained to Monzo. He said he had tried to open an account with another bank but was prevented from doing so because of the CIFAS marker. He said that he knew this was due to fraud but he wasn't the one who committed the fraud. He said Monzo didn't tell him why his account had been closed at the time but he realised because the account was closed shortly after he withdrew the £100 from it. He said he wanted another account and that he needed an account in order to have a job. He added that the third parties that carried out the fraud should be punished instead of him.

Monzo responded to Mr A's complaint in June 2022 but it didn't uphold it. It said it acted in line with its terms and conditions as well as with internal procedures and legal and regulatory obligations when it reviewed and closed the account. It said it was entitled to do so and wouldn't be offering Mr A a new account.

Mr A then complained to us. He said his main concern was to have the CIFAS marker removed.

One of our investigators reviewed the complaint. He obtained Mr A's testimony as part of his investigation. Mr A said that a friend and a third party asked to use his account to have money sent to it. He initially said he was offered £20 to do this but then retracted this. He said he agreed on the basis that there was nothing untoward going on. When the transactions happened he said he withdrew the money and gave it to his friend and their friend. He said this was his only bank account and that he hadn't had a bank account before. He felt he was the victim here.

Our investigator reviewed all the evidence but he didn't think the complaint should be upheld. He agreed that Monzo had acted within its terms and conditions as well as its legal and regulatory obligations when it reviewed and closed the account. He felt that Mr A had shown awareness of the risks and that he had also benefited from the funds. He said he wouldn't be asking Monzo to remove the CIFAS marker.

Mr A didn't agree and asked for an ombudsman's decision so the matter was passed 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.

The marker that Monzo recorded against Mr A is intended to record that Mr A retained a wrongful credit. In order to file such a marker, Monzo isn't required to prove beyond reasonable doubt that Mr A is guilty of financial crime, but it must show there are grounds for more than mere suspicion of concerns. CIFAS guidelines say:

- 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 the bank must first be able to show that the fraudulent funds have entered Mr A's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr A was deliberately dishonest in receiving the fraudulent payment and knew it was or might be an illegitimate payment. This can include Mr A allowing someone else to use his account in order to receive an illegitimate payment. A marker should not be registered against someone who was unwitting. There should be enough evidence to show deliberate complicity.

So, I need to decide whether Monzo had sufficient evidence to meet the standard of proof and load a marker against Mr A. Having looked at all the evidence I'm satisfied it has, and I say this because:

I've considered the guidance from CIFAS about cases where someone receives a fraudulent payment into their account like this- acting as what's commonly referred to as a "money mule". And the relevant factors in deciding whether Mr A was deliberately complicit in what happened include whether he knew or ought to have known that the money wasn't legitimate, whether he may have benefitted from the money in keeping some of the funds and whether he has provided generic or inconsistent explanations.

To meet the standard of proof required to register a fraud marker, the bank 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 in order to understand their level of knowledge and intention.

In order to determine Mr A's complaint, I need to decide whether I think Monzo had enough evidence to show fraudulent funds entered Mr A's account and that he was complicit in this. It's important to note that Monzo had to have enough evidence to meet both parts of this test for it to have acted fairly and reasonably.

From looking at the evidence it is not in dispute that at least one of the payments which was paid into Mr A's account in August 2021 was fraudulent. So I'm satisfied Monzo has met this part of the test.

As I said above, Monzo also has to produce sufficient evidence to show that Mr A was deliberately dishonest in receiving the fraudulent payment. And knew it was or might be a fraudulent payment.

Mr A said that a friend and a friend of his friend had asked him if a third party could transfer money into his account. He initially told us he was given £20 for this but later retracted this.

Mr A said he questioned the friend as to why this was necessary and was told it was because neither the friend nor his friend had a card (and by that I assume he means a bank account). Mr A said he agreed to do this as long as there was nothing “dodgy” going on and was aware of instances - from programmes he’d watched on television - where accounts had been used in this way to carry out fraud. The money was withdrawn from Mr A’s account on the day of the transaction. Mr A said he feels like he is the victim here as he did not defraud anyone.

I’ve thought about what Mr A has said and from what he has said I think Mr A knew or ought to have known the funds were fraudulent. I say this because Mr A was clearly concerned about the transactions being potentially fraudulent. He also mentioned being offered £20 to agree to provide his account details, though he later denied this. In the circumstances I think there was a reasonable suspicion that Mr A knew fraud would take place when he provided his account details to his friend.

In summary, when I weigh everything up, I consider Monzo had sufficient evidence to meet the test for recording a fraud marker against Mr A. So, I will not ask it to remove it. I appreciate that this will cause further upset to Mr A but for the reasons I’ve given I don’t think Monzo has acted unfairly or unreasonably here and I won’t be asking it to remove the marker.

Finally, I’ve looked at Monzo’s decision to close Mr A’s account. Banks are entitled to end their business relationship with a customer. As long as it’s done fairly and is in line with the terms and conditions of the account. The terms and conditions of Mr A’s account say that Monzo can close an account in certain circumstances immediately. Given the concerns Monzo had about how Mr A was operating his account, I don’t think that’s unreasonable. So, it was entitled to close the account as it’s already done and end its relationship with Mr A. And for the same reasons I don’t think it has to offer Mr A a new account.

### **My final decision**

For the reasons above, I have decided not to 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 15 September 2023.

Anastasia Serdari  
**Ombudsman**