

The complaint

Mr O has complained Monzo Bank Ltd, trading as Monzo, added a fraud-related marker in Mr O's name to the industry fraud database, CIFAS, and returned funds he believed were his to source.

What happened

In November 2022 Monzo froze Mr O's account. They'd received an alert from another bank about credits paid into Mr O's account. They asked Mr O to explain what these were. Mr O explained he was increasingly using his Monzo account to trade crypto on behalf of others.

Monzo returned £4,592.44 to the other bank (who I'll call M) and added a fraud-related marker to CIFAS. Mr O was extremely unhappy as he believed he'd been carrying out genuine crypto purchases on behalf of a third party. He was adamant the money that had been returned to M was his and he was now out of pocket.

After Mr O brought his complaint to the ombudsman service, Monzo agreed to remove the CIFAS marker and offered £70 compensation to Mr O. Our investigator asked Monzo to pay a further £100 which they agreed to do. She wouldn't, however, ask them to refund the money returned to M.

Still unhappy, Mr O has asked an ombudsman to review his complaint.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Firstly I no longer need to come to an outcome about the CIFAS marker as Monzo has taken steps to remove this and agreed to pay £170 compensation overall. I agree this amount seems fair and reasonable.

I've reviewed what Monzo has done after being notified of funds sent to Mr O in November 2022. I don't believe Monzo were ever in a position to not take steps to return these funds after they were informed these had been fraudulently received by Mr O.

Mr O has told us that the person who'd sent him three lots of money in November (£4,350.24, £2,500 and £2,120) received crypto in return. And I can see that as soon as these three payments were received into Mr O's account, he made transfers to a payment wallet (S) for £4,306.50 and £4,573.80. However Mr O then took out £4,573.80 out of his S account the following day. So I'm not completely sure Mr O is right here that he wasn't in receipt of the funds.

Overall I'm satisfied that Monzo did nothing wrong here in returning funds to M.

Putting things right

I believe that it's fair and reasonable that Monzo pay Mr O £170 (£70 and £100 additionally) for the trouble caused to him.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd, trading as Monzo, to pay Mr O £170 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 4 December 2023.

Sandra Quinn
Ombudsman