

The complaint

Mr C has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In 2023 Mr C was told by Monzo that they were closing his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr C found that other accounts he held were closed and found it difficult to open another bank account. This increasingly caused him distress as he couldn't receive his benefit income other than through using his mother's account. He felt he was in serious financial difficulty. Mr C also suffered from mental health issues. He believed this hadn't been taken into account as he would never have committed fraud.

Mr C complained and asked Monzo to remove the marker. Monzo didn't feel they'd done anything wrong and refused to remove this.

Mr C brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and believed the evidence Mr C provided wasn't convincing enough to show Mr C wasn't involved in the fraud. He wouldn't ask Monzo to remove the CIFAS marker.

Unhappy with this outcome, Mr C complained further. Mr C's complaint has been referred to an ombudsman.

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.

It is clear what the requirements are prior to lodging a marker. Specifically:

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous.”

So Monzo must be able to provide clear evidence that an identified fraud was being committed and Mr C was involved.

There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Monzo. This confirms they received a notification from

another bank that one of their customers had been the victim of an account takeover. Three payments had been sent to Mr C's Monzo account as the result of this fraud. I can see three credits were received by Mr C on 3 May 2023 being £1,380, £520 and £650.

Mr C has told us he'd been approached by a friend (who I'll call Mr K) and asked whether he was able to get some money sent to Mr C's account which he'd then pass onto Mr K's uncle for the costs of a barbecue party.

Mr C has not been able to provide us with any correspondence about this as this was someone he knew relatively well and who was attending a seminar Mr C was running. He'd been happy to help out a friend and this was all arranged between the two of them so there was no supporting correspondence, other than Mr C's testimony.

I've considered all of this, but I'm not convinced by Mr C's testimony that he wasn't aware of what may have been going on.

I say this because I've reviewed Mr C's account use with Monzo. As soon as the three payments were received, Mr C made three payments to Mr K. These payments were for £1,400, £488 and £50. Except Mr C told us Mr K was having trouble opening an account which is why he was sending the money onto Mr K's uncle. It's possible they have identical names, but it looks to me as if these were just payments to Mr K.

I can also see that Mr C received £2,550 but only passed on £1,938. This suggests that Mr C benefitted by more than £600 just for receiving some money and passing it on. I therefore find it hard to believe he was surprised when Monzo asked him to provide them with proof of his entitlement to this money.

Monzo's evidence shows Mr C provided them with two different stories including the one he told us. But the other story was that he'd borrowed money from a friend to pay a debt to another friend.

The requirements around banks lodging markers at CIFAS include there being sufficient evidence that the customer was aware and involved in what was going on. In this case I think this most likely exists here from reviewing the payments made into Mr C's Monzo account.

On this basis I don't believe it would be fair and reasonable to ask Monzo to remove the CIFAS marker.

My final decision

For the reasons given, my final decision is not to uphold Mr C's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 June 2024.

Sandra Quinn
Ombudsman