

The complaint

Mr R has complained that Monzo Bank Ltd registered a marker against him at CIFAS, the national fraud database.

What happened

In January 2023, Mr R received two credits of £65 each. Monzo says it received a fraud report about these credits. It asked Mr R about the credits, and he explained they were for selling goods. Monzo didn't ask anything further, and simply closed Mr R's account, returned one of the £65 credits, and registered a marker against him at CIFAS.

Mr R complained, and provided evidence of him selling the goods. Monzo apologised, removed the marker, and offered him £100 compensation.

Our investigator looked into things independently and thought £200 would be fairer. Mr R didn't agree, so the complaint's been passed to me to decide.

I sent Mr R and Monzo a provisional decision on 2 April 2024, to explain why I thought the complaint should be upheld. In that decision, I said:

In order to register this CIFAS marker, Monzo needed to have more than just a suspicion or concern. It needed to have reasonable grounds to believe that fraud or a financial crime had been committed or attempted, backed up by evidence which would support the matter being reported to the authorities.

I am not satisfied that Monzo had sufficient evidence here. It has not provided the fraud report it said it relied on, and in any case Monzo should well know that it was required to investigate properly and substantially attempt to gather evidence from the customer before adding the marker. Mr R had explained what the credits were for, but Monzo didn't ask for any evidence and just added the marker anyway. That was concerning poor practice by Monzo. Given that it has accepted the evidence Mr R then provided in his complaint, had they asked for this earlier it seems most likely this whole situation would've been avoided.

In terms of putting things right, I see that Monzo removed £65 from Mr R's account and returned it to the sender. But as above, it did so without proper investigation. And Monzo now agrees that Mr R was in fact entitled to that £65, meaning it deprived him of it unfairly. It follows that Monzo should reimburse that to him now.

I understand that Mr R would like an inquiry into the processes involved here, and a review of policies and staff training. But we're not the regulator – that's the Financial Conduct Authority (FCA). We don't oversee industry processes, and I can't compel Monzo to change the way it works across the board. I'm here to look at individual complaints about individual situations. So I'll focus my decision on putting right Mr R's individual situation.

I also understand Mr R would like further documents, and details of any other markers. But Monzo already sent him all the documents he was entitled to under his SAR, and I would not require it to send him sensitive fraud documents. His SAR to CIFAS shows this was the only marker there. And as part of finding him innocent, Monzo was required to remove any related markers (e.g. National Hunter) as standard.

Mr R expressed anxiety at being banned from other banks forever. But the marker has been removed and there is no longer a record of it, so he doesn't need to worry about it affecting him in the future.

Mr R also said he didn't want Monzo to get away with just a slap on the wrist. But again, we're not the regulator, so we're not here to punish businesses and we do not issue fines. Instead, we have guidelines about what levels of compensation to award, which I must be consistent with.

By closing Mr R's account without notice and registering this marker, Monzo caused Mr R to be unable to carry out his day-to-day spending. He's explained that he had to borrow from friends and family for even the smallest costs, which was a significant inconvenience and which caused him considerable distress and anxiety. Of course, the marker in question was only active for about a month. But it does seem that there was some serious impact for Mr R, even if it was relatively short-term and resolved quite quickly. So taking into account the impact this had on Mr R, I propose that Monzo pays him £350 compensation in total.

I said I'd consider anything else anyone wanted to give me. Both sides replied, and I'll talk about their responses below.

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.

Monzo explained that on review, it found that Mr R's explanation was plausible, it matched his account activity, and he'd provided supporting evidence. But Monzo pointed out that it initially received a fraud report from another customer.

I'm glad that Monzo has now accepted it was incorrect for Mr R to have this CIFAS marker. That said, had it investigated properly at the time, it would – and should – have realised this earlier and avoided this whole situation. Monzo was required to ask Mr R for evidence *before* registering a fraud marker, not after the fact.

Mr R still felt that the proposed compensation wasn't enough to cover his distress and the disruption involved. He said he had to expend a lot of extra effort to sort this out. And he thought his life would be over for many years to come.

I'm grateful to Mr R for being open and candid with us about how he feels. I do need to reiterate that we're not here to issue fines or to punish businesses. Our compensation awards are intended to resolve disputes informally. And they're based on the guidelines for compensation which I must be consistent with. Further, I need to explain that we only award compensation for things which actually happened, not things which could potentially have happened, but did not actually happen. So, for example, while Mr R may well have got the wrong impression and mistakenly thought his life would be over for many years, the reality was that his life was not over, the marker would only be in place for a set time, and in any case he was able to get it removed quickly through a simple complaint to Monzo.

So taking into account the impact Monzo's error had on Mr R – including the considerable distress, anxiety, and inconvenience involved, but also the fact that this was sorted out relatively quickly and straightforwardly – I still find that £350 compensation is fair to put right Mr R's non-financial losses in this particular case.

Putting things right

I direct Monzo Bank Ltd to:

- Make sure that the CIFAS marker and any related fraud markers have been removed;
- Reimburse the returned £65 to Mr R; and-
- pay Mr R £350 compensation in total for the trouble and upset it caused.

My final decision

I uphold Mr R's complaint, and direct Monzo Bank Ltd to put things right by doing what I've said above.

If Mr R accepts the final decision, Monzo Bank Ltd must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 May 2024.

Adam Charles
Ombudsman