

The complaint

Mrs O has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in her name.

What happened

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

Mrs O found that other accounts she held were closed and found it difficult to open another bank account. This increasingly caused her distress.

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

Mrs O brought her complaint to the ombudsman service.

Our investigator reviewed what had happened but believed the evidence Mrs O provided wasn't convincing enough to show Mrs O wasn't involved in the fraud. She wouldn't ask Monzo to remove the CIFAS marker.

Unhappy with this outcome, Mrs O complained further. Mrs O'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 Mrs O 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 investment scam. A payment of £1,750 had been sent to Mrs O's Monzo account as the result of this fraud.

Mrs O has told us she'd been approached by a friend (who lived with her) and asked whether they were able to use Mrs O's account to transfer in a payment for school fees.

Mrs O has not been able to provide us with any correspondence about this as this was someone she knew relatively well, and the conversation was done face-to-face. As far as she was concerned, she'd been happy to help out a friend. This was all arranged between the two of them so there was no supporting correspondence, other than Mrs O's testimony.

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

I say this because I've reviewed Mrs O's account use with Monzo. Firstly the account was only opened in July 2023 and had been barely used before reasonably large-value payments started to flow through her account. As soon as Mrs O received money in from diverse sources, she paid a couple of these amounts to an account with an international transfer service and then sent some money to her own account with another bank.

This includes the disputed payment for £1,750 where Mrs O transferred £1,700 to an international transfer service and £50 to her other account. None of these payments – either receipts or payments outwards – seem to look like payments for school fees that Mrs O said she was expecting.

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 Mrs O's Monzo account.

On this basis I don't believe it would be fair and reasonable to ask Monzo to remove the fraud-related markers in her name.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 11 July 2024.

Sandra Quinn
Ombudsman