

The complaint

Miss Y has complained that Monzo Bank Ltd registered a marker against her at CIFAS, the national fraud database.

What happened

In 2023, Monzo received a report that Miss Y had received money for goods, but then not provided them and blocked the buyer. Miss Y explained she had been selling goods, but had provided them. She said the buyer had made a false report, and she provided evidence. Monzo closed her account, returned £92.74 from her account to the sending bank, and registered a marker against her at CIFAS.

Miss Y complained, and on review, Monzo removed the marker. It apologised and offered her £100 compensation. However, Miss Y says she lost wages because of the marker.

Our investigator looked into things independently and upheld the complaint. Monzo didn't agree, so the complaint's been passed to me to decide.

I sent Miss Y and Monzo a provisional decision on 22 April 2024, to explain why I thought the complaint should be upheld in part. In that decision, I said:

I need to consider whether this report to CIFAS was made fairly. On this point, Monzo needed to have more than just a suspicion or concern. It needs to be able to show that it had reasonable grounds to believe that fraud or a financial crime had been committed or attempted, backed up by evidence which would support it being reported to the authorities.

From what Monzo's sent me, it looks like the buyer submitted a claim for non-receipt of goods before Miss Y could have reasonably provided the goods. And the messages from the buyer appear to confirm that they submitted a false report. Miss Y was proactive in explaining this to Monzo, and she provided relevant evidence to it. Her account activity was not otherwise suspicious. Monzo does not appear to have investigated properly at the time, and it now agrees that its marker was improper.

I'm glad to see that Monzo removed the marker relatively quickly. But in the meantime, it closed Miss Y's account without proper notice, and her other account was suspended while the marker was in place. That caused some real inconvenience for Miss Y. Monzo also sent £92.74 back to the sending bank. But as far as I can see, Miss Y was entitled to those funds – so that was her money. So Monzo did not have sufficient reason to return it. And Miss Y didn't consent to those funds being transferred to the sending bank, so such a transfer would normally be considered unauthorised. It follows that I currently think Monzo needs to reimburse that £92.74 and compensate Miss Y for the time she's been without that money.

I've also carefully considered Miss Y's claim for lost wages. I can see that she was suspended and then redeployed to a different project because of the CIFAS marker. However, that suspension was paid, and Miss Y has not been able to provide any evidence of any unpaid gap between the two projects. Indeed, from the evidence she's sent, I see that her employment contract continued and she remained on the payroll until she ended the contract herself several months after the CIFAS marker was removed. So I do not currently find that the marker caused Miss Y to lose any wages.

Of course, I do see that Monzo's erroneous marker caused Miss Y considerable distress, upset, and worry about her job. And while Monzo did remove the marker relatively quickly, it also caused her significant inconvenience and disruption to her day-to-day banking. So taking into account the impact Monzo's errors had on Miss Y, along with our guidelines for compensation, I currently think that £350 would be fair to put that right.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 6 May 2024. But neither Miss Y nor Monzo sent me anything new to consider.

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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct that Monzo Bank Ltd to:

- refund the £92.74 it debited without Miss Y's consent;
- pay simple interest to Miss Y on that £92.74, at the rate of 8% simple a year, payable from the date it was debited until the date it's returned to her[†]. This is to compensate Miss Y for the time she didn't have that money.
- pay Miss Y £350 compensation for the trouble and upset it caused.

[†] If Monzo considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Miss Y how much tax it's taken off. It should also give Miss Y a tax deduction certificate if she asks for one. Miss Y may be able to reclaim the tax from HMRC if she doesn't normally pay tax.

My final decision

I uphold Miss Y's complaint in part, and direct Monzo Bank Ltd to put things right in the way I set out above.

If Miss Y 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 Miss Y to accept or reject my decision before 4 June 2024.

Adam Charles
Ombudsman