

The complaint

Mr U complains that Monzo Bank Ltd unfairly registered a marker about him at Cifas, the national fraud database.

What happened

Mr U had an account with Monzo, which he opened in May 2023.

In late May 2023, a payment of just over £100 was made into Mr U's account, from an individual I will refer to as Mr M, who was also a customer of Monzo. Mr U transferred the funds into another account with a cryptocurrency provider.

Mr M told Monzo that the payment he'd made to Mr U was fraudulent and that he had been the victim of an investment fraud. Mr M said he'd been tricked into believing he was investing in an investment company which was certified by the Internal Revenue Service (IRS) in the States.

Monzo didn't contact Mr U. But at the time believed that Mr U had benefitted from fraudulent funds. Following this Monzo decided to place a fraud marker against Mr U's name with Cifas. This was for misuse of a facility in relation to retaining fraudulent funds. Monzo also decided to close Mr U's account immediately and wrote to him in June 2023 to let him know it wasn't willing to provide him with banking services.

Mr U discovered the marker had been loaded against him, when he had a number of his other bank accounts closed and he contacted Cifas. Mr U complained to Monzo. He explained that he hadn't done anything wrong and that had Monzo spoken to him about how he was using his account at the time he would have provided information to show that he hadn't used his account fraudulently.

Mr U told Monzo that he had no idea he'd received fraudulent funds and had just got unlucky with the money he'd received. He said had he known there was something wrong with the funds he would have alerted the cryptocurrency firm to get the people involved banned.

In response, Monzo said it wasn't willing to reopen Mr U's account but said it would review its decision to record a Cifas marker against Mr U. Monzo completed its review and decided to remove the marker. It wrote to Mr U in December 2023, to let him know and offered him £50 compensation for any trouble and upset the marker had caused him.

Unhappy with this response Mr U brought his complaint to our service at which point Monzo offered Mr U a further £200 compensation to put things right.

Mr U said £250 compensation wasn't enough. He wants £2,500. He said the marker caused four other bank accounts he had to be shut down, one of which he had had for more than twenty years, which was very upsetting and inconvenient. He also said that he has been very worried that his remaining bank account would be closed. He said he wants Monzo fined and stopped from loading markers without conducting any sort of investigation.

An investigator looked into Mr U's complaint. After reviewing everything the investigator said that Monzo's offer was fair and that she was satisfied that Monzo had removed the Cifas marker. So, she said Monzo didn't have to do anything further to resolve Mr U's complaint.

Monzo agreed with what the investigator said. Mr U didn't. He said that the amount of compensation is measly and that the Cifas marker had caused him a lot of problems. He said he wants to teach Monzo a lesson and the bank has behaved in a discriminatory manner when it loaded the marker against him.

As no agreement could be reached the matter has come to me to decide.

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.

The marker that Monzo filed with Cifas is intended to record that there's been a 'misuse of facility' – relating to using the account to receive fraudulent funds. In order to file such a marker, they're not required to prove beyond reasonable doubt that Mr U is guilty of a fraud of financial crime, but they must show that there are grounds for more than mere suspicion or concern. Cifas says:

- *“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; [and]*
- *The evidence must be clear, relevant and rigorous*

What this means in practice is that a bank must first be able to show that fraudulent funds have entered Mr U's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that the consumer was *deliberately* dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. But a marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show *deliberate* complicity. There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

Monzo has accepted that it shouldn't have applied the marker and has said it has been removed. Monzo has provided evidence to this service to show that the marker was removed in mid- December 2023. I note too that in January 2024, Monzo told Mr U that it could take up to a month, until the marker would no longer be visible on Cifas' database.

This means Mr U has unfairly had a Cifas marker applied against him from June 2023 up until probably February 2024. Mr U has said this had led to at least four bank accounts being closed. He has sent us closure notice letters he'd received from three other banks that showed other bank accounts he held were closed in June, September and November 2023. Mr U has also said that he has been worried that his remaining bank account would also be closed. Fortunately, this never happened. Mr U has also confirmed he has been able to open a new bank account in March 2024.

Monzo has agreed to remove the marker and based on the evidence I've seen I think that's fair. I accept that Monzo loaded the marker because it had received a fraud report from another of their customers and that this may have been enough to cause Monzo to have a suspicion or concern. But this alone is not a good enough basis on which to register a Cifas marker. The question is whether Monzo had sufficient grounds to conclude that Mr U

intentionally committed fraud – Monzo needs to be able to evidence that Mr U acted fraudulently and did not move the funds on unwittingly (as Mr U has claimed). It doesn't appear that Monzo carried out a significant enough investigation to determine this before it loaded the marker.

So, I'm pleased to see that Monzo has removed the Cifas marker and offered to pay Mr U some compensation for the trouble and upset this caused him. I think that's a fair and reasonable outcome to this complaint. I'm satisfied that £250 compensation is a fair amount of compensation for Monzo to pay Mr U.

I've considered Mr U's belief that Monzo has acted in a discriminatory manner. Whilst I appreciate Mr U's strength of feeling, our service doesn't have the power to make a finding of discrimination under the Equality Act 2010, as that's something only the Courts can do. We do consider all relevant legislation and regulations when considering whether Monzo treated Mr U fairly and reasonably. I have taken on board what Mr U has said when considering whether Monzo treated him fairly and reasonably. Part of this has meant considering the provisions of The Equality Act 2010 (The Act).

From what I've seen, I'm satisfied that Monzo's actions were driven by the way Mr U used his account, and the information it received from its other customer, Mr M. As I set out above, I'm not persuaded that Monzo adequately investigated the situation before deciding to load a Cifas marker, and I think it made a mistake in this respect. But based on the evidence I've seen, Mr M did receive and withdraw/move fraudulent funds, and I'm satisfied that this reasonably caused Monzo concern. It's for this reason I'm satisfied that the removal of the Cifas marker and the £250 compensation is a fair and reasonable resolution to Mr U's complaint. So, I won't be increasing the level of compensation.

In reaching this conclusion I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as a means of punishing a business for a consumer bringing their complaint to this service.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right Monzo Bank Ltd should (if it hasn't already done so) pay Mr U a total of £250 for the trouble and upset caused to him by recording a Cifas marker against him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 23 August 2024.

Sharon Kerrison
Ombudsman