

The complaint

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

What happened

In December 2023 Monzo closed Mr C's account. They'd been made aware his account had received funds of £120 whilst a customer hadn't received what they felt they were purchasing on Facebook marketplace.

Mr C contacted Monzo in 2024 to appeal their decision to lodge a marker.

Monzo believed they had sufficient evidence to lodge the marker and wouldn't remove this.

Mr C brought his complaint to the ombudsman service.

Our investigator asked Monzo to remove the CIFAS marker as she felt that Monzo didn't have enough evidence to show Mr C was involved.

Monzo disagreed with this outcome and asked an ombudsman to review the complaint.

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 fraud-related 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.

From what Monzo has provided to us I can see one of their own customers notified them that they'd not received a set of air pods after paying £120 to Mr C's account.

There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on. I can see they raised their query with Mr C back in November 2023 but never got any response.

Following this, Monzo believed *“the rapid exit of the reported funds is indicative of the user being aware of their origin”*. They closed Mr C's account and lodged a marker.

Mr C told our service that he'd been asked by a friend whether they could credit money to Mr C's account as their own bank account wasn't working. This was all completed using snapchat. This perhaps should have raised a warning to Mr C but he was persuaded there was no problem. After receiving the £120, this was transferred to Mr C's other account. He then paid his friend in cash.

Mr C has been able to provide us with no hard evidence of what happened, but his testimony has remained consistent throughout. I also note that the evidence Monzo received from their customer about the missing funds referenced the same third party as Mr C has. If this was a scam that Mr C was involved in, I wonder whether this would have been the case.

I'm aware that Monzo believes Mr C has been using his account on behalf of a friend to transfer funds that were obtained deceptively but I'm not convinced the evidence is as clear as they believe. I can't see any evidence that Mr C was complicit in this fraud as is required by CIFAS to register fraud markers.

There's no doubt here that Mr C breached the terms and conditions of his account by accepting funds on behalf of a friend. It's fair to say they are no longer friends. And I'm satisfied that Mr C's friend was committing a crime as he was involved in someone being scammed out of their money. There's no evidence from Mr C and the account history of this and Mr C's other account to show Mr C benefitted from the fraud.

Stupidity and youth are no defence against fraud. However, in this case I can't see – apart from believing a friend he shouldn't have – that there's enough evidence to show Mr C has been complicit in any fraud.

I don't believe the evidence Monzo has provided is sufficient. I therefore believe it's fair and reasonable to ask Monzo to remove the CIFAS marker from Mr C's record.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to remove the CIFAS marker from Mr C's name.

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

Sandra Quinn
Ombudsman