

The complaint

Mr A complains that Monzo Bank Ltd unfairly closed his account and loaded a CIFAS (Credit Industry Fraud Avoidance System) marker against his name.

What happened

Around October last year, Monzo decided to close Mr A's account immediately and later loaded a CIFAS marker against his name. After Mr A complained, Monzo asked him some questions about some funds that had credited his account.

Mr A says he can't evidence his entitlement to these funds. He says he doesn't know who the sender is and that he didn't initiate or authorise these payments into his account. Mr A also says he was experiencing financial difficulty around the time, so he made use of the funds. He adds that he is willing to return the funds to Monzo.

Monzo explained that it had acted in line with its procedures and that it wouldn't be removing the CIFAS marker. Remaining unhappy, Mr A asked this service to review his complaint. He says he's now experiencing problems opening an account elsewhere. Mr A wants Monzo to reinstate his account and remove the CIFAS marker.

Our investigator concluded that Monzo had acted fairly. Mr A didn't agree, so his complaint has been passed 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.

Having done so, I've decided not to uphold this complaint and I'll explain why.

Account closure

Banks that operate in the UK (including Monzo) are required to carry out specific actions to meet their legal and regulatory obligations. This includes the requirement for banks to complete ongoing monitoring of existing business relationships. And that sometimes results in banks deciding to restrict or - in some instances - close customer accounts.

Monzo has provided me with information to show why it reviewed Mr A's accounts. Having considered this, I'm satisfied the bank acted in line with its regulatory obligations.

Monzo is entitled to close an account. However, in doing so, it must ensure it complies with the terms and conditions of the account. The terms of the account say that Monzo can close Mr A's accounts by giving him at least two months' notice. In certain circumstances, the bank can also close an account immediately.

Monzo closed Mr A's account immediately. Based on the information I've seen, I'm satisfied that Monzo acted fairly and in line with its terms and conditions when doing so. The bank is under no obligation to explain why it made this decision.

It's important that I point out that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for several reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo has provided is information we consider should be kept confidential.

CIFAS marker

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, Monzo isn't required to prove beyond reasonable doubt that Mr A is guilty of fraud or financial crime, but it 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 the bank must first be able to show that fraudulent funds have entered Mr A's account, whether they are retained or pass through the account.

Monzo will need to have strong evidence to show that Mr A 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 give Mr A an opportunity to explain what was going on.

So, in order to decide whether Monzo acted fairly, I need determine whether it had enough evidence to meet the above standard of proof to load the CIFAS marker.

Monzo has sent this service confidential information about certain payments Mr A received into his account. Although I cannot share the details, I'm satisfied the information is clear, relevant and rigorous enough to justify Monzo's actions.

When asked about the payments that had been made into his account, Mr A told Monzo and this service that he doesn't know who sent him the funds. Mr A says he made use of the funds as he was experiencing financial difficulty around the time. I don't find this explanation to be plausible.

Looking at his statements, following receipt of the funds, Mr A seems to have transferred the value of these funds to (what seems to be) other individuals. Had Mr A indeed made use of the funds because he was in financial difficulty, I would've expected payments towards everyday essentials or bills. Mr A says he has a third-party bank account, but I can't see that he sent the funds to his other account either.

It seems apparent to me that Mr A knew he wasn't entitled to these funds as soon as the funds credited his account. Yet he chose to make use of it anyway. Even if Mr A had used the funds in the way that he suggests he did, I find it implausible that he chose to do so in the first place. I also find it unreasonable that Mr A didn't inform Monzo about these unrecognised transactions – so that it may take steps to safeguard his account and prevent fraudulent activity.

So I'm not persuaded by Mr A's explanation. Having considered the events, I think Monzo had good grounds for loading a CIFAS marker against Mr A's name. I note that Monzo didn't ask Mr A to explain the relevant transactions until after the CIFAS loading – specifically it

didn't ask until its investigation into Mr A's complaint. Although I think Monzo should've asked its questions sooner, for the reasons I've explained, I don't think it would've made a difference to the bank's decision to load the marker.

In summary, I think Monzo acted fairly when it decided to close Mr A's account immediately. And, although I recognise the difficulties caused to Mr A because of the CIFAS marker, I think Monzo was justified when it decided to load the marker against his name.

My final decision

For the reasons explained, I'm not upholding this complaint.

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

Abdul Ali
Ombudsman