

The complaint

Mr R complains that Monzo Bank Ltd have unreasonably recorded a marker against him with the fraud prevention agency CIFAS. He'd like the marker removed and compensation.

What happened

Mr R had an account with Monzo. But in June 2023 his account received some funds that were later reported as fraudulent. The bank closed his account and recorded a marker with CIFAS for "misuse of facility".

Unhappy with this Mr R complained to Monzo, saying he had received the funds from his parents. He said because of the marker he'd had other accounts closed and the experience have affected him mentally. Monzo initially responded to say that they would remove the marker and pay him £250 in compensation.

After Mr M referred his complaint to our service, Monzo changed their mind and said that they would not be removing the CIFAS marker. But they offered £50 compensation for giving the incorrect information.

Our investigator issued several opinions, but the most recent said that they weren't persuaded that Monzo had enough information to record a CIFAS marker. They asked for the marker to be removed, and for Monzo to pay Mr R £700 in compensation. This outcome was rejected by Monzo who felt they had enough information to meet the standard of proof required by CIFAS. As no agreement could be reached the complaint was passed to me to decide.

After reviewing all the available evidence I issued a provisional decision, which said:

CIFAS have rules and principles around what can be recorded on their national fraud database. I won't detail these in full in this decision, but broadly before a bank can record a CIFAS marker they need to have carried out checks to satisfy themselves that fraud or financial crime has been committed, and that there are reasonable grounds to believe their consumer was aware of this.

The of the fraud or financial crime evidence should be clear and rigorous. The bank would also be expected to retain the relevant evidence for the duration the fraud marker is being reported. If the bank can't meet the required standard of proof, then they can't reasonably record a marker with CIFAS.

In this case Mr R argues that this was money that was paid into his account by his parents as loans. Monzo have said they received a report that the payments into Mr R's account hadn't been authorised, but they can now no longer provide this report. They have demonstrated that the sending bank have not withdrawn the fraud report.

Looking through the chat history I can't see that Monzo asked Mr R about the payments or asked him to send any evidence before deciding to close the account and record the CIFAS. There doesn't seem to have been any investigation until he raised a complaint about the

marker. He has provided our service with copies of his parent's bank statements, including the period before and after the transactions reported as fraudulent. This suggests to me he has an ongoing relationship with them, which I may not expect to see if they'd suspected him of theft.

I've reviewed the previous activity on the Monzo account, and I can see that Mr R has received payments from the same named payers previously. I can also see that he sent payments to one of the named payers on several occasions – for example £350 on 18 June 2023, and £150 on 24 June 2023. This ties in with Mr R's story of borrowing from his parents.

I've also considered some wider context provided by Monzo. And it's right that Monzo treat fraud reports from third party banks seriously – but in the circumstances of this complaint I don't see it as reasonable to not have carried out their own investigation until well after the CIFAS marker was already recorded. I'm not persuaded that Monzo have demonstrated that Mr R was involved in fraud or financial crime. The evidence is not clear and rigorous. I can't see they've considered the possibility of either some form of civil dispute or misunderstanding. On that basis I'm not persuaded that the standard required for a CIFAS marker has been met, and the marker should be removed.

That said, I'm satisfied that the closure of the account was done in line with the terms of the account. There are only limited circumstances where an account can be closed with less than two months' notice, as happened here. Reviewing what happened, and seeing Monzo's concerns, I'm satisfied the immediate closure was reasonable.

Turning to the impact of the CIFAS marker, I consider it reasonable that Monzo should pay some compensation for recording it unreasonably. Mr R has said he had other accounts closed and been denied job opportunities. He also mentioned having to sell personal items so he could have funds available.

I've no doubt having a CIFAS marker has an impact on access to most financial products, so I accept it's likely to have a significant impact on him. I'm not persuaded from the evidence he's supplied this would have prevented him from getting employment, so I'm not minded it would be reasonable to award his claimed loss of earnings.

I'm also not persuaded that his decision to sell personal items could be solely down to the actions of Monzo. But I agree the CIFAS marker will likely have led to unnecessary inconveniences in his life since it was added. I've also taken into account the bank's indecision on whether to remove the CIFAS marker or not in response to the complaint, and this will have only increased the frustration.

Taking this all in to account I'm minded that £350 would be a fair amount of compensation for the unfair loading of the CIFAS marker and poor communication from Monzo.

Monzo accepted the provisional decision. Mr R accepted the removal of the CIFAS marker but did not agree with the level of compensation. He felt it did not take in to account the impact of the marker, which he felt cost him significantly more than this.

It now falls on me to consider all the evidence afresh.

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 reviewed everything, I remain satisfied with the conclusions reached in the provisional decision. Neither party has raised any further issues with the CIFAS marker for me to consider, so I still see it appropriate for this marker to be removed.

Turning to the compensation, ultimately my role is to award what I consider to be fair redress for both financial and non-financial loss. I've considered carefully what Mr R has sent our service carefully. He has talked about losing job opportunities – but hasn't provided any specific examples. Likewise, he's said he couldn't open new banking accounts, but hasn't provided examples of account rejections.

From the Monzo account statements he appears to have had other accounts in his name at the time. I've taken into account these were later closed, with at least one closure letter referencing CIFAS. So, I see it's likely the marker had an impact on these decisions.

He has shown that he pawned goods, but I'm not persuaded this was a direct result of the CIFAS marker. The pawn agreements are from some considerable time after the CIFAS marker was added and Monzo account was closed. Mr R hasn't shown any specific financial losses from the CIFAS marker for me to redress.

The CIFAS marker will likely have had an impact on Mr R's ability to access banking facilities, and I've taken this into account when considering what is fair compensation. I also consider that Monzo's indecision on the CIFAS marker will have increased the stress caused.

I appreciate he feels strongly that he should be paid considerably more, but I remain satisfied £350 is a fair and reasonable reflection of the impact of him.

My final decision

My final decision is that I uphold this complaint and instruct Monzo Bank Ltd to:

- Remove the CIFAS marker
- Pay Mr R £350 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 27 August 2024.

Thom Bennett
Ombudsman