

The complaint

Miss N has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in her name.

What happened

In 2024 Miss N got a query from Monzo about a payment of £500 she'd received into her account. She told them she'd sold an item and was paid for this. She was told by Monzo that they were closing her account. They also lodged a fraud-related marker on her record with CIFAS.

Miss N subsequently discovered her main bank account was closed. She discovered Monzo had lodged a CIFAS marker and complained to them.

Miss N asked Monzo to remove the marker. Monzo didn't feel they'd done anything wrong and refused to remove it.

Miss N brought her complaint to the ombudsman service.

Our investigator felt the evidence Miss N provided was sufficient to show Monzo that she wasn't misrepresenting what had happened. She asked Monzo to remove the marker. She also felt there was an impact on Miss N having to manage without a bank account so asked Monzo to pay her £250.

Monzo disagreed with this outcome. Miss N's complaint has been referred to an ombudsman to consider her 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 mostly the same outcome as our investigator. Where this has differed, I've confirmed this already to Miss N. I'll explain further.

It is clear what the requirements are prior to lodging a 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 Miss N was involved.

There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Monzo. This confirms they received a notification from one of their own customers that they had sent money to Miss N's Monzo account but didn't get the goods they thought they were purchasing.

Monzo queried what had happened with Miss N. She explained that she'd sold an item to an individual and received payment. After initially doubting whether she had any further evidence as the sale was conducted over social media, Miss N provided screenshots showing a conversation relating to the sale of a phone for £500.

Monzo wasn't convinced by this evidence. However, I disagree with them.

Miss N has told us she allowed her boyfriend to use her account for the £500 received from selling a phone to a Ms L (this being the same name as Monzo's other customer). Miss N agreed that she'd immediately moved the £500 elsewhere but this was true for many credits to her Monzo account as she was careful about managing her money and regularly used her other accounts.

I've seen the screenshots which do seem to confirm a sale of a phone to a Ms L. I note there are no dates to these screenshots, but these do seem to back up her story, which has remained consistent throughout. I rather suspect that Monzo has received more evidence from Miss N about what happened than their other customer.

The requirements around banks lodging markers at CIFAS include there being sufficient evidence that the customer was aware and involved in what was going on. In this case I don't think this exists here from reviewing the evidence shared by Miss N.

Putting things right

On this basis I believe it is fair and reasonable to ask Monzo to remove the CIFAS marker.

Our investigator also asked Monzo to pay her £250 compensation. I'm not going to ask Monzo to pay her anything further and our investigator has confirmed my revised outcome already to Miss N. I don't believe she was requesting compensation when she brought her complaint to our service and I believe she's accepted this revised outcome.

I've noted that Miss N held other accounts, as well as this account with Monzo and her main account which I accept was also closed. So, whilst Miss N was inconvenienced, I don't believe this is sufficient to merit compensation.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to remove the fraud marker on Miss N's CIFAS record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 22 November 2024.

Sandra Quinn
Ombudsman