

The complaint

Mr M complains Monzo Bank Ltd registered a fraud marker at Cifas, the national fraud database. He doesn't think it's done so fairly.

What happened

A summary of what happened is below.

Mr M held an account with Monzo. On 13 January 2024, the account received a payment for £92 from a third party through a bank transfer. The funds were immediately withdrawn by Mr M. The payment that came into the account was identified as fraudulent because the person that sent it believed they'd been the victim of a purchase scam. Whereby they'd sent the money but then been told it hadn't been received.

Monzo suspended the account and asked Mr M for proof he was entitled to the funds. Mr M said he'd sold goods to the party over social media. He'd sent the goods and the payment was for that. Monzo requested information to support the sale. But Mr M said he couldn't provide proof of postage because the items were sent through ordinary post.

When Mr M wasn't able to satisfy Monzo's requirements, it made the decision to immediately close the account and load a misuse of facility marker at Cifas.

Mr M contacted Monzo after finding out about the marker. He said he'd not done anything to cause this. Monzo reviewed things but said it had recorded the marker in line with its internal policies and regulatory obligations and declined to remove it. It also deemed the account closure to be correct.

One of our investigators reviewed matters. She acknowledged what Mr M had said and initially upheld the complaint, but then changed the outcome after Monzo gave her further evidence to support why it had recorded the marker and exited Mr M as a customer. The investigator looked at the additional evidence (screen shots between Mr M and the buyer) and was satisfied information had been manipulated, into telling the buyer that Mr M hadn't received the payment when he had. She shared these with Mr M.

In the circumstances, she didn't think Monzo had been unfair in recording the fraud marker or closing the account.

Mr M said that at the time:

- He was receiving payments from different people and the buyer's payment didn't match the name. So, when he said he hadn't got the payment, this was an honest mistake. He'd resolved the matter with the buyer.
- He'd suggested the buyer raise a chargeback, which he wouldn't have done if he was being dishonest.
- There were lots of people selling things. He believed the screenshot could easily have been a mistake made by one of his colleagues. As they could have been dealing with the customer's enquiry simultaneously.

The investigator didn't find what Mr M said persuasive and so the case was escalated for a final decision as the second and final stage in our process.

Mr M said he'd had the account for two years without any issue and he believed the bank's actions were disproportionate.

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.

Mr M has made a number of points, which I have read and considered. I will focus on what I consider the key issues.

I'm sorry to disappoint him but I'm not upholding his complaint.

The marker that Monzo has filed 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, it's not required to prove beyond reasonable doubt that Mr M is guilty of a fraud or financial crime, but it must show that there are grounds for more than mere suspicion or concern. The relevant guidance 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 M's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr M was deliberately dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. This can include allowing someone else to use their account to receive an illegitimate payment. But a marker should not be registered against someone who was unwitting; there should be enough evidence to show complicity. To meet the standard of proof required to register a fraud marker; the bank must carry out checks of sufficient depth and retain records of these checks. This should include giving the account holder the opportunity to explain the activity on their account to understand their level of knowledge and intention.

So, I need to decide whether I think Monzo has enough evidence to show fraudulent funds entered Mr M's account and he was complicit. And I'm satisfied it has. I'll explain why.

I've seen evidence from Monzo that it received a report about the payment into Mr M's account. Looking at the nature of that report, I'm satisfied Monzo received reasonable information to suggest that the account had been in receipt of fraudulent funds.

Mr M told Monzo that the payment was for goods he was selling. And he's provided screen shots of the messages between him and the buyer which he says supported this. But the evidence he provided wasn't the complete chain. Monzo had this. I can see that some of the critical information given to the buyer, doesn't match the actual activity on Mr M's account. Mr M says that he believes a colleague may have sent the screen shot but I don't find what he's said persuasive, because it has his account details but someone else's account activity. I've not seen anything compelling why someone else would have Mr M's account details in the manner in which they were put to the buyer, without his knowledge. Monzo believed the information was doctored and having examined it, I can see why it has taken that view. The information makes it appear that the money hadn't been received when it had. Given all of this, I think Monzo had enough to show Mr M was aware the funds had been paid into his

account and he was trying to hide this from the buyer. I think it had enough to demonstrate he was complicit in what was going on.

Ultimately, the marker that's been loaded relates to a misuse of an account facility, which is exactly what's happened here. Weighing everything up, I'm satisfied Monzo was justified in recording it. It follows that I'm not going to require its removal.

For completeness, I'm satisfied Monzo was also entitled to close the account in the circumstances it did, given the account activity and terms and conditions.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 December 2024.

Sarita Taylor
Ombudsman