

The complaint

Mr H has complained that Monzo Bank Ltd registered a fraud marker against him.

What happened

In February 2024, Mr H received a £175 bank transfer from another individual.

In March 2024, Monzo received an official report from the sending bank, detailing how that individual had been scammed by Mr H. They said Mr H had taken payment for a car part, then delayed things and never provided the goods, and appeared to have blocked the buyer.

Monzo questioned Mr H, but got no reply. So they froze his account. Mr H complained about the freeze, and Monzo reiterated that they needed evidence about the money he'd received. Mr H said it came from a friend for installing a car part. He provided snippets of messages with a buyer on a social media marketplace. But despite Monzo asking, he refused to provide the full conversation. He had no evidence of doing the work he said he did.

Monzo closed Mr H's account and registered a fraud marker against him.

Mr H complained. He now says he sold the car part to a buyer he didn't know, but he's deleted the messages as he deletes his marketplace message after the sale. He has no evidence of providing the goods to the buyer, but says they collected it in person and are making a false claim against him.

Our Investigator looked into things independently and didn't uphold the complaint. Mr H appealed, so the complaint's been passed to me to decide.

I sent Mr H and Monzo a provisional decision on 27 August 2024, to explain why I didn't think the complaint should be upheld. In that decision, I said:

In order to register this marker, Monzo were not required to prove beyond all reasonable doubt that Mr H had done something wrong. They did need to have reasonable grounds to believe that he'd misused his account, which went beyond a suspicion or concern, and which had appropriate supporting evidence. For the avoidance of doubt, scamming people on a marketplace would be grounds for this type of marker. And having carefully considered everything that both sides have said and provided so far, I currently think Monzo did have sufficient grounds to register this marker and that it should remain. I'll explain why.

Mr H's representative asked that we investigate the buyer. But I'm afraid that is outside of our jurisdiction. In this complaint between Mr H and Monzo, I only have the power to look into things between Mr H and Monzo. I cannot investigate other individuals. So I've based my assessment on the evidence at hand in the dispute between Mr H and Monzo. I should explain that my assessment is not a judgement of anyone's character; it is an impartial assessment of the evidence at hand. And as part of considering the case impartially, I must take into account the possibility that Mr H might have committed fraud.

Monzo received an official report from another institution, which set out in detail how the buyer was scammed by Mr H. Mr H spent these funds, and was the sole beneficiary of the alleged fraud.

Mr H did not respond to Monzo's initial questioning about the payment. He only later engaged with Monzo once his account was frozen, and even then his responses were evasive. Despite Monzo's requests, he refused to provide his full conversation with the buyer, and only provided snippets of their messages.

Even from the little evidence Mr H did provide, I'm afraid it shows that his initial testimony was untrue. The person who sent the money was clearly not a friend of his, but a stranger from across the country who was making an online marketplace transaction. And the money was not for installing the car part, but for selling it remotely. Further, Mr H sent Monzo pictures which purportedly showed the part installed on his friend's car. But the pictures were of a car in Mr H's possession, not the buyer's car.

The snippets of conversation only show that a sale was agreed, that the buyer lived many hours away, that postage was discussed, that Mr H was delaying things, and that Mr H was supposedly waiting for a third party to collect the part – from the context, this sounds like it would've been a courier. The screenshots do not evidence that Mr H actually provided the goods, nor that the buyer ever agreed to come in person. And despite the conversation implying that Mr H would've most likely provided the goods by post, he has confirmed he has absolutely no proof of postage. So the limited screenshots do not substantiate Mr H's testimony. On the other hand, the screenshots do fit with the detailed fraud report.

So based on what Monzo knew at the time, it seems fair that they registered this marker.

We also asked Mr H for his full conversation with the buyer. But he now says he deleted it as he deletes his marketplace messages once he's sold the item. However, Mr H clearly did not delete this conversation once the item was sold, as he provided screenshots of it to Monzo over a month after the sale. And from that point on, Mr H was aware that the matter was in dispute, that he'd been accused of not being entitled to the money, that this was causing his account to be frozen and then closed, and that his bank needed to see the full conversation. Soon afterwards, he then also became aware that a fraud marker had been registered against him. In that context, it is exceptionally unlikely that Mr H would then delete all evidence of his own innocence. On the other hand, the repeated refusal to provide this key evidence does fit very well with the possibility that the buyer was defrauded.

In summary, Mr H received, benefitted from, and spent funds which were officially reported as coming from fraud. Mr H did not co-operate with the bank's investigation. He initially would not respond, then refused to provide key evidence. He provided testimony which was clearly untrue. And he now says he has no evidence to substantiate his testimony, even when such evidence should've been easy to provide, and even when it's highly unlikely he would delete evidence of his innocence after he reasonably knew he was in trouble. On the other hand, the evidence we do have supports the possibility that Mr H was knowingly involved in fraud.

As such, I currently think that Monzo did have sufficient grounds to register this marker, and that the marker should remain. This is a difficult message for me to give, and I know it's a difficult message for Mr H to receive. But given the evidence I have so far, and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

I have written this as a provisional decision, rather than a final decision, to give Mr H more time to provide the necessary evidence to us. If he would like the outcome to change, he should send us his full unredacted conversations with the buyer, from start to finish, with the dates and times clearly visible. And he should send us proof of providing the goods. He will need to make sure we receive this before the provisional decision's deadline.

Lastly, Monzo accepts that when they replied to Mr H's complaint, they only really dealt with the closure of his account and failed to properly address the fraud marker. They've now offered to pay Mr H £50 compensation for that communication issue. I would imagine that Monzo's lacking response to his complaint caused Mr H some frustration, though I can't see that it would have caused much impact beyond that – even if Monzo had specifically set out that they thought the marker was fair, Mr H still would've appealed to our service. So taking into account the impact that the lacking response would've had, alongside our guidelines for compensation, I find that the £50 offer is fair for that issue.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 10 September 2024.

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.

In response to the provisional decision, Monzo let us know they had nothing further to add.

Mr H's representative said that Monzo never contacted Mr H about the transaction, that he never had the chance to speak to Monzo, and that the conversations I'd referred to never took place. However, I can see this is untrue, as I have the chat log between Mr H and Monzo. This chat log is for Mr H's account, and in those chats Mr H provided pictures of some messages between him and the buyer and of his own car, so I'm reasonably satisfied this was Mr H talking to Monzo.

So as I set out before, Monzo did contact Mr H about the transaction, and gave him multiple chances to explain himself and evidence his side of things. But as I noted in the provisional decision, Mr H initially did not respond, then he was evasive and refused to provide his full conversation with the buyer. And the evidence he did provide showed his testimony to be untrue. Further, I'm afraid that by now claiming these conversations never happened when they actually did, it only further undermines the reliability of Mr H's testimony.

Mr H's representative pointed out that Mr H had never been caught misusing this account before this. But while that may well be the case, it does not rule out that he misused it on this particular occasion. Anyone who misuses an account will have a first time.

Mr H's representative reiterated their accusation that the buyer had made a false claim. But they also reiterated that Mr H was unable to provide any evidence of this. So the balance of evidence remains the same as before. To summarise: Mr H received, benefitted from, and spent funds which were officially reported as coming from fraud in a detailed report. Mr H did not co-operate with the bank's investigation. He initially would not respond, then refused to provide key evidence. He provided testimony which was clearly untrue. And he now says he has no evidence to substantiate his testimony, even when such evidence should've been easy to provide, and even when it's highly unlikely he would delete evidence of his own innocence after he reasonably knew he was in trouble. On the other hand, the evidence we do have supports the possibility that Mr H was knowingly involved in fraud.

So having reconsidered the case, I've come to the same conclusion as before: that Monzo had sufficient grounds to register this marker, and they did not need to remove it. And as before, I find that their offer of £50 compensation is fair for the communication issue.

My final decision

For the reasons set out, I find that Monzo Bank Ltd acted fairly in registering this fraud marker, and that their offer of £50 compensation for the communication issue is a fair offer. I do not make any further award.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 October 2024.

Adam Charles
Ombudsman