

The complaint

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

What happened

A summary of what happened is below.

Miss S held an account with Monzo. On 5 March 2024, it was credited with a payment of £215 from a third party through a bank transfer. The funds were then immediately removed by Miss S and paid into another account she held elsewhere. At the same time, she also closed her Monzo account using her banking app. The payment into the account was later identified as fraudulent because the bank from which the funds had come, notified Monzo that its customer had been the victim of a purchase scam.

Monzo reviewed the account activity that had taken place and loaded a misuse of facility marker at Cifas.

Miss S complained after finding out about the marker. She told Monzo, she had sold a set of books on a marketplace online site and the payment had related to that. She said she'd sent the books and hadn't heard from the buyer again.

Monzo asked Miss S if she could provide any supporting information of the sale, such as, copies of communications between her and the buyer or invoices. She said she didn't have any of these things, as the sale had taken place three months before. She explained that she'd deleted all the messages soon afterwards and thrown away the receipt for posting the item as she didn't think she'd need them. She also expressed concern the bank hadn't contacted her at the time, so that she had the opportunity to explain her side of things and supply any information.

Monzo reviewed what Miss S had said but it was satisfied it had recorded the marker correctly and declined to remove it.

Miss S didn't think this was fair and referred her complaint to us, after also going through Cifas's complaints procedure. In summary, she said:

- She'd sold a book-set through the marketplace. This was one of several items she was selling at the time. She'd been selling for a while and has had 100% positive feedback. It was unfair she was being penalised for a single transaction.
- The bank had missed a critical step in failing to contact her when it received the fraud from the other bank.
- The first she knew anything about this was in May, when she did a Data Subject Access Request (DSAR).
- She believed Monzo had treated her poorly.
- She attached supporting information, including her partner's bank statement to show a transaction had been made at the Post Office, the day after the incoming

payment. She said this proved the books had been sent to the buyer.

One of our investigators reviewed matters. He acknowledged what Miss S had said but didn't think Monzo had treated her unfairly given the evidence it had. He noted Miss S had removed the funds immediately and also closed her account within a few minutes of that. Given this, and the lack of any evidence to show Miss S had sent the item, he considered Monzo had enough information to record the marker.

Miss S disagreed and asked for an ombudsman's decision. In doing so, she reiterated what she'd set out before but also highlighted that she'd removed the funds to another account as that was her general way of operating the account. She added that she'd decided before to close her account, as there was no longer a need for it, and she provided further details about her banking arrangements.

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.

I've read and considered all of Miss S's submissions. I hope the fact that I do not respond in a similar manner will not be taken as a discourtesy, as an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made, but to concentrate on the crux of the issue.

I'm really sorry to disappoint her but I'm not upholding this complaint. I'll explain why.

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 Miss S 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 Miss S's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Miss S 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.

Monzo didn't contact Miss S after it received a report about the payment, when it should have. But this also isn't the end of the matter. As I still need to consider whether I think it had enough evidence to show fraudulent funds entered Miss S's account, she in some way benefited from these and was complicit. And I'm satisfied it has. I'll explain why.

I've seen evidence from Monzo that it received a report from a different third-party bank saying that funds which entered Miss S's account were reported as a scam.

Miss S says the payment she got was for a genuine sale, where she had sent the goods to the buyer. However, the account activity that took place was highly suspicious. I say this because, the funds were removed straight away and to a different account in her name. Not only that, she then closed the account with Monzo immediately. I've weighed Miss S's testimony and the evidence she's sent us about how she usually operated her account, but if she had intended to close the account, there's no plausible explanation why she didn't do this a few days before and the closure had to happen moments after the money came in and was taken out. Or if she wanted the funds in her other account, why she didn't simply provide those details instead. From Monzo's perspective this evidence is robust and I concur with that view.

Miss S provided some further details when she complained to the bank, as well as to us. I can accept she may have thrown away the receipt from the Post Office, but it's more difficult to accept that she wouldn't have tracked the package first, to see if it had been delivered, as this was an item with some value (if I am to have regard for her testimony that the books are collectable and fetch a lot of money). The buyer says that they never arrived, and they never got any responses when they reached out. Miss S also doesn't have any chats/messages between her and the buyer because she says she deleted them soon after, as part of her general housekeeping (as these had her account details), but then there simply isn't anything tangible and persuasive that Monzo can see.

Taking all of these things as a whole but particularly the account activity, I'm satisfied Monzo has enough to justify the marker that it has recorded. Yes, it should have contacted Miss S when it got the fraud report, but I don't think that would have made a difference to the steps it took in relation to the marker, when considering the wider circumstances and evidence.

For completeness, I can see Miss S has also expressed concerns about Monzo's complaint handling. But because complaint handling on its own isn't a financial activity, it isn't something I can comment on further. Beyond observing the bank reviewed what she had to say when she contacted it to complain, and she's been able to refer matters to us and Cifas.

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 Miss S to accept or reject my decision before 9 January 2025.

Sarita Taylor
Ombudsman