

The complaint

Mr B has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name, as well as closing his account.

What happened

In March 2024 Mr B was told by Monzo that they were closing his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr B subsequently discovered the CIFAS marker as he found other accounts he held were being closed. He complained to Monzo and told them he'd been a victim of ID fraud.

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

Mr B brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and asked Monzo to remove the marker as she felt Mr B was a vulnerable customer – based on his age – who'd taken up an offer to accept money into his account without realising the impact of what was going on.

Monzo provided their full evidence which showed Mr B had lied to them when asking for the CIFAS marker to be removed. Our investigator confirmed she still felt the outcome was correct.

Monzo has asked an ombudsman to consider Mr B's 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 the same outcome as our investigator. I'll explain why.

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 Mr B 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 notification from another bank about a customer who'd been scammed into sending £50 to Mr B's account as

the result of a purchase scam on social media. So firstly, I can see that Mr B had no right to these funds.

As soon as these funds hit Mr B's Monzo account on 28 February, he sent £35 on to a third party but kept £15.

Mr B has told us he was part of a group chat on social media. There was an invite to anyone wanting to earn some money. Mr B responded as he was looking for a part-time job to earn money for driving lessons. He provided his account details allowing £50 to be sent to his account. He was then given someone else's account details which he used to send £35 to. He didn't think there was anything wrong with what he'd done until Monzo closed his account. This happened only once.

I can see – and the evidence Monzo has provided confirms this – that Mr B ignored the initial approach from Monzo to get a handle on Mr B's eligibility to the money. He then also appears to have lied to Monzo about what happened.

I can see Monzo believes this suggests Mr B knew what was going on. But I disagree.

Stupidity and youth are no defence against fraud. However, I can see Mr B was immediately panicked about what he'd been involved in so was worried about Monzo closing his account. Unfortunately, it's not unusual for 17-year-olds to lie in moments of confusion and embarrassment. And I'm not convinced that lying alone is adequate reason for a CIFAS marker to be lodged.

I'm aware that Mr B retained £15, and I did consider whether this suggested he knew he was doing something wrong. But I don't see that is the case. He thought he was doing something to earn a quick bit of money. I don't think – based on what I know of Mr B and the clear and honest submissions he's made to our service – Mr B knew what was going on.

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 most likely exists here from reviewing the single payment made into Mr B's Monzo account, what subsequently happened and Mr B's evidence.

Putting things right

As I believe Mr B didn't know what was going on, it is fair and reasonable that Monzo remove the CIFAS marker they've placed on his record.

I know Mr B has complained about Monzo closing his account as well, but I can see – based on what they were advised by another bank – that they had sufficient reason allowing them to close his account.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to remove the CIFAS marker from Mr B's record.

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

Sandra Quinn
Ombudsman