

The complaint

Mr S complains Monzo Bank Ltd unfairly applied a Credit Industry Fraud Avoidance System ('CIFAS' - the UK's fraud alert service) marker against his name.

What happened

Mr S held a Monzo account which was opened on 20 July 2023.

On 28 September 2023 Mr S received two payments into his account. Due to information received from the sending bank the payments were reviewed. This also meant Mr S's account was blocked whilst Monzo carried out checks. Based on the review of the incoming payments and account activity Monzo made the decision to close Mr S's account. Mr S was provided until 30 November to make alternative arrangements, and his account remained blocked during this time.

Based on its review of the account Monzo registered a CIFAS marker against Mr S. Mr S raised a formal complaint about the application of the marker. Monzo asked Mr S for details about the incoming payment, but this didn't alleviate its concerns. In its final response letter dated 13 May 2024 it explained Mr S's concerns had been reviewed, but it would not be removing the marker. Monzo said it had met the burden of proof set out by CIFAS to register this and it had acted in line with its legal and regulatory obligations.

Mr S didn't think this was fair and referred the complaint to our service. An Investigator looked into Mr S's complaint and gathered the relevant evidence. The Investigator made the following findings:

- The loading of a CIFAS marker was appropriate as Mr S's testimony and evidence wasn't sufficient in explaining the account activity.
- Based on the available evidence it wasn't clear the funds were obtained legitimately.

Mr S didn't accept the Investigator's findings and said there had been confusion between the dates. Mr S maintained he had received the payments legitimately and he had been treated unfairly by Monzo.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final decision.

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 appreciate Mr S was disappointed by the investigator's opinion. I'd like to reassure Mr S that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I

think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr S, but I'd like to reassure him that I have considered everything that he's told us.

When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a fixed period of time and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Monzo is not required to prove beyond reasonable doubt that Mr S is guilty of a fraud or financial crime, but it must show that there are grounds more than mere suspicion or concern. CIFAS 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 such that the member could confidently report the conduct of the subject to the police.

What this means is that Monzo will need strong evidence to show that the payments into Mr S's account were fraudulent. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action.

My role is to establish if Monzo has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Mr S. Monzo has provided this service with details of the investigations it carried out which I've considered alongside Mr S's comments.

I think it's helpful to highlight that Monzo initially asked Mr S about two payments made on 11 September 2023. The chat history shows Mr S said the payment in was a gift from a family member. Mr S provided a screenshot of the conversation with this family member and following Monzo's review Mr S's account remained functional.

Following this review, Monzo was alerted to issues with two incoming payments made on 28 September 2023. Monzo has provided details of why these payments were highlighted, and the review it carried out of Mr S's account activity. Monzo asked Mr S specific questions about the payments. I've considered Mr S's responses to these queries as well as his submissions to our service. Mr S says he sold a friend a course, and two payments were made to him for this service. However, the screenshots provided aren't dated and don't provide specific details regarding the purchase. I also can't see that the name used on the screenshot relates to the name on Mr S's account for the incoming payments. Mr S's Monzo statements also show the payments in were transferred out to a separate account Mr S held. I think Mr S's comments and the general account activity raises concerns and I'm persuaded Monzo acted correctly in blocking and reviewing the account.

I can see the Investigator asked for further evidence from Mr S to support his version of events, but Mr S says there isn't any further information he can provide. Mr S says he has carried out research and he believes the marker has been applied because of money mule issues and this definitely isn't what his account was used for. I appreciate Mr S's comments, but my review is based on the available evidence. Ultimately my review has led me to the

same view reached by Monzo – the evidence available equates to more than mere suspicion or concern of fraudulent activity on the account. I therefore find that the marker was loaded fairly.

I appreciate Mr S will be disappointed with my decision and I fully appreciate the impact the fraud marker is having on him. Mr S has spoken about his age and the long-term impact the marker will have just as he is embarking on adulthood. I would encourage Mr S to contact CIFAS directly about how long the loading will be recorded against him. Overall, I am satisfied Monzo acted reasonably in taking this action to discharge its regulatory obligations. I hope my decision provides some clarity around why I won't be asking Monzo to take any further action.

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 S to accept or reject my decision before 12 March 2025.

Chandni Green
Ombudsman