

The complaint

Miss E has complained that Monzo Bank Ltd registered a fraud marker against her.

What happened

In early 2024, Miss E received and passed on funds which were later reported to have come from fraud.

In response to their initial questions, Miss E told Monzo she'd received the money for helping a friend make a purchase. She was unable to substantiate this with evidence. Miss E then didn't respond to Monzo's later questions at the time. Monzo closed her account and registered a fraud marker against her.

Miss E then explained that a friend from work had asked her to receive money from the sale of a car in stages, as he had trouble receiving the money directly due to the amounts he'd already received. He repeatedly assured her the money was legitimate. When Monzo flagged the payments, Miss E went to her friend to ask how to respond. That's why she gave over the initial reason for payment he'd told her, and why there'd been a delay in responding.

Our Investigator looked into things independently and didn't uphold the complaint. Miss E asked for an ombudsman to look at things afresh, so the complaint's been passed to me to decide.

I sent Miss E and Monzo a provisional decision on 30 October 2024, to explain why I thought the complaint should be upheld. In that decision, I said:

Based on what I've seen so far, I currently think it was not unreasonable for Monzo to register this marker, but that it would be best for the marker to be removed. I'll explain why.

I need to consider whether this fraud marker is fair. On this point, Monzo needed to have more than just a suspicion or concern. They need to be able to show that they had reasonable grounds to believe that Miss E had knowingly and willingly attempted fraud or a financial crime, backed up by evidence rigorous enough to support the matter being reported to the authorities.

This case is finely balanced. Monzo received an official report that the funds Miss E had received and passed on came from fraud. She'd spent a small amount of the money herself. And she'd given Monzo an incorrect story at first and then later didn't respond in good time. So I don't think Monzo acted unfairly or unreasonably in adding a marker.

However, since that point Miss E has provided screenshots of messages with the friend. She's demonstrated that the friend has set their messages to later disappear, which meant Miss E couldn't provide the full history. She could only provide the screenshots she'd taken when she'd thought it might be relevant to do so.

From those, I can see that the friend explained the money came from the legitimate sale of a car, and repeatedly reassured Miss E that the funds were not illicit. He just needed her to help him out due to the amounts. I can see that he stuck to this story even once Miss E's account was blocked and she became suspicious. He said the payments were flagged only because of the large amounts involved. I can also see that the friend did this to at least one other person, who also appeared confused about why their account was closed. And the friend seemed keen that Miss E and that other person didn't talk to each other. That doesn't fit well with Miss E being a witting participant in the fraud, but would make sense if her and the other person were misled by the friend.

This was a longstanding, genuine account, which Monzo noted had no similar issues before this. This was not, for example, an account which was opened for the purposes of fraud or which had a historic pattern of fraudulent use.

From what I can see, it looks like Miss E believed this friend. I agree with Monzo that she shouldn't have believe him. But fraud markers are for knowing and witting participants in fraud who understand the activity is fraudulent – they're not penalties for naivety. When Monzo asked Miss E about the funds, they simply said that from time to time they needed to reach out to customers to get further insight about the way they use their account – they didn't make it clear that there were fraud concerns here. So I can understand why Miss E might not have recognised the importance of the questions at the time, and why she thought to rely on her friend to tell her what to say – to her, this would've been his matter.

Once Miss E became aware of the nature of the situation, she's been quite proactive in trying to resolve things. She assertively chased the friend for evidence of entitlement and answers, she tried to contact mutual parties, and she tried to find out who the fraud victim was and offered to repay the funds.

I agree with Monzo that Miss E's actions here were very unwise. She should have been more discerning, instead of accepting the friend's explanations, and should have been up front with Monzo straight away rather than waiting for her friend to tell her what to say. But again, a fraud marker is for knowingly partaking in fraud, not for unwisely allowing oneself to become an unwitting participant. And I'm not reasonably satisfied that Miss E was a knowing or witting participant in the fraud here. While I do understand Monzo's reasons for adding this marker, I currently find that the risk of Miss E being an unwitting party is too great for this particular marker to remain in place.

As such, I currently think that the marker should be removed. I do not plan to award any compensation, given that – as above – I don't currently think that Monzo acted unfairly or unreasonably. And I will warn Miss E that she should not involve herself in something like this again, not least as she's highly unlikely to get the same benefit of the doubt again.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 13 November 2024. Monzo accepted the provisional decision, and we didn't hear from Miss E.

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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct Monzo Bank Ltd to remove any information it's shared about Miss E with fraud marker databases in relation to this matter.

My final decision

I uphold Miss E's complaint, and direct Monzo Bank Ltd to put things right in the way I set out above.

If Miss E accepts the final decision, Monzo Bank Ltd must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 17 December 2024.

Adam Charles
Ombudsman