

The complaint

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

What happened

In early 2024, Mr B opened a Monzo account. Shortly afterwards, he began receiving and passing on a series of payments. Some of the funds were found to have come from fraud.

Monzo closed the account and registered a fraud marker against Mr B. When they spoke to him, he said an online friend had asked him to receive money on their behalf as their own account wasn't working properly. Mr B said he trusted them and wanted to help. He provided little evidence of this to Monzo, so Monzo maintained the marker.

Our Investigator looked into things independently and didn't uphold the complaint. Mr B appealed, and has since provided new evidence from the time. The complaint's been passed to me to decide.

I sent Mr B and Monzo a provisional decision on 25 November 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 in light of new evidence it should now be removed. I'll explain.

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 they had reasonable grounds to believe that Mr B 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.

I can understand why Monzo maintained this marker up until now. This was a new account, which had not been used for any genuine day-to-day activity, which was only used to receive and pass on funds, and Monzo had received multiple reports about some of the funds being fraudulent. And before now, Mr B had not provided key evidence to support his explanation.

Mr B has now provided his historic messages with the friend. They show that they'd been in contact for a long time, and did indeed take part in online activities together. The friend explained they had issues with their UK account which would take a week or two to resolve, and asked Mr B for help in the meantime receiving money from people they'd done work for. Mr B agreed to help on that basis. The friend provided screenshots from the payers, which Mr B explained reassured him that they really were intending to pay this money. In response to Mr B facing issues, the friend explained that one of the payers had said his account wasn't fit to receive large amounts of money.

So from what I can see, the friend provided innocent-sounding reasons for what was going on, and Mr B likely did think he was just helping a friend. This was someone who he'd been in frequent contact with and spent a good deal of time with over a long period. So I can see why Mr B would've trusted them. And Mr B does not appear to have benefitted from the fraud at all – it seems he was just helping.

I agree with Monzo that Mr B shouldn't have believed his friend, that he should have asked more questions, and that his actions were unwise. But fraud markers are for knowing and witting participants in fraud who understand the activity is fraudulent – they're not for unwisely being an unwitting participant. And as the evidence stands now, I'm not reasonably satisfied that Mr B was a knowing or witting participant in the fraud here. So while I do understand Monzo's reasons for adding the marker, I currently find that the risk of Mr B 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. Though I will warn Mr B that he should not involve himself in something like this again, not least as he's highly unlikely to get the same benefit of the doubt a second time.

Both parties accepted the provisional 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.

Both sides accepted the provisional decision, and 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 they've shared with fraud marker databases about Mr B in relation to this matter.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 January 2025.

Adam Charles
Ombudsman