

The complaint

Miss S complains Monzo Bank Ltd recorded a marker against her at Cifas, a national fraud database. She doesn't think it's treated her fairly.

What happened

A summary of what happened is below.

Miss S had an account with Monzo. On 22 June 2024, she received £150 from a third party through a bank transfer. The payment was removed shortly afterwards using her banking credentials. However, the incoming was later identified as fraudulent, because the bank from which it had come, notified Monzo its customers had been the victim of a purchase scam. The same thing happened later with another payment.

Monzo restricted the account and requested some information on 24 June, via the banking app from Miss S to explain the purpose of the first payment she'd received. It didn't get a response and following a review, it decided to close the account and sent a notification of its decision. At the same time, it also loaded a misuse of facility marker at Cifas because it thought the activity on the account suggested Miss S had been complicit in fraud.

Miss S learned about the marker after she did a data subject access request (DSAR) to see what information was held about her. She complained to Monzo saying she'd not done anything to cause this, and it must be a mistake. Monzo considered the information but didn't think it had done anything wrong, in the steps it had taken in closing the account and applying the marker.

Dissatisfied, Miss S referred her complaint to us. In doing so, she told us what had happened:

- The account was only used occasionally– she didn't trust online banking, so never kept money in the account for long.
- She had no idea about what could have taken place, though she suspected someone else must have had access to the account and her credentials.
- She'd learned of the marker after another bank closed her account.
- Not having an account was having a detrimental effect on her day-to-day life.

One of our Investigators investigated the case, but she didn't uphold it. She said there was only one trusted device registered to the account, which was Miss S's, so she couldn't see any evidence of somebody else having access without Miss S's knowledge or permission. Furthermore, it was noted that the funds had been removed quickly into an account Miss S held elsewhere. She wasn't persuaded that an unknown fraudster would choose to do that.

Looking at this and some of the other evidence, she concluded Monzo had enough grounds to record the marker and hadn't treated Miss S unfairly.

Miss S said she understood from the Investigator's opinion that she had paid the funds into her other account, but this was an honest mistake. She was willing to repay the money if the

marker was removed.

When an agreement couldn't be reached on the outcome, the case was put forward for a decision in line with our process.

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 looked at everything afresh, but my decision is that I am not upholding this complaint and for broadly the same reasons as the Investigator.

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.

So, I need to decide whether I think Monzo has enough evidence to show fraudulent funds entered Miss S's account and she was complicit. And I'm satisfied that it has. I'll explain why by addressing what I consider are the salient points.

I've seen evidence from Monzo that it received reports saying that funds which entered Miss S's account was because of a fraud. Both are similar in nature. She doesn't dispute this either.

Miss S told Monzo and us that she didn't know anything about the funds that came into her account. I've considered carefully what she's said and provided on this, but I don't find her explanation persuasive, which was Monzo's view. The payments out were made using Miss S's banking credentials. There's no tangible proof that her account was accessed by someone else without her agreement. And I agree with the Investigator's analysis, I don't see what an unknown third party would have to gain by moving the money to another one of her accounts, unless she was complicit in some way.

Latterly, Miss S has accepted she did transfer the money and Monzo says this was done rapidly. She says this was done as an honest mistake, but I don't see how she could be mistaken about any of this, unless she means she regrets doing that. Whatever the case, I think Monzo reviewing the activity, had sufficient information to show she was aware of what

was really happening and that the funds were illegitimate, and it could justify the loading.

Miss S has shared the impact on her of the filing and says she's willing to pay money back. Whilst I've no doubt about the difficulties this may be causing her or what her intentions are now, I'm afraid this isn't a basis for me to require that the marker be removed.

I realise she will be disappointed with the outcome, but this now ends what we can do to review the complaint.

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 7 April 2025.

Sarita Taylor
Ombudsman