

The complaint

Mr M complains Monzo Bank Ltd recorded a marker against him at Cifas, a national fraud database. He doesn't think it's treated him fairly.

What happened

A summary of what happened is below.

Mr M held an account with Monzo. On 25 May 2024, the account received a payment for £120 through a bank transfer. Mr M removed the funds shortly afterwards. However, the incoming payment was identified as fraudulent because the bank from which it had come, notified Monzo its customer had been the victim of a purchase scam.

Monzo restricted the account and requested some information from Mr M to explain the purpose of the payment and any supporting evidence. He said he'd sold a phone on Facebook and later been blocked by the buyer. And that he'd also thrown away the delivery receipt.

Following a review, Monzo decided to close the account and sent Mr M 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 Mr M had been complicit in fraud.

Mr M learned of the marker after he did a data subject access request to see what information was held about him. He complained to Monzo to say he'd not done anything to cause this and the buyer had made a malicious report. However, after completing a review, Monzo didn't think it had done anything wrong in the steps it had taken.

Dissatisfied, Mr M referred his complaint to us and told us what had happened.

- He'd met the person buying the phone and handed it to him personally. That person sent him the money.
- He'd transferred the money out of his account and sent it to his cousin because of Monzo's actions on the account.
- He didn't have any messages with the buyer because he'd lost access to his Facebook account a few weeks after selling the phone, and anyway he deleted everything off his phone.
- He didn't recall telling Monzo about a delivery receipt but if he did, it was because he was scared.
- The fraud marker was having a detrimental effect on his day-to-day life, including his mental health.

The Investigator reviewed the case. She acknowledged what Mr M had said but she didn't think Monzo had treated him unfairly in closing the account and recording the marker. In particular, she noted there were material inconsistencies in what he'd told Monzo and us, about how the phone had been exchanged and she didn't understand what Mr M would have to be scared about, if everything had been legitimate from his perspective. She also thought it was significant Mr M had no supporting evidence of selling and delivering the phone and

that he'd removed the funds rapidly. She concluded that all these points suggested he was complicit in receiving a fraudulent payment and had benefited from that.

Mr M disagreed. In summary, he maintained he'd been the victim of a malicious report and felt Monzo hadn't done a thorough investigation at the time. He believed that had it done so, he could have provided some more detail. He'd already explained why he no longer had some evidence, however, he had remembered the buyer's name and recently attempted to contact them, but they'd blocked him. He provided screen shots.

The Investigator considered this but didn't find it changed the outcome. The case was put forward for a 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.

This also includes the screen shots Mr M has provided and his age when this happened.

I'm sorry to disappoint Mr M but I'm not able to uphold his complaint. I know he'll be deeply disappointed, so I'd like to explain why.

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, Monzo's not required to prove beyond reasonable doubt that Mr M 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 Mr M's account, whether they are retained or pass through the account.

Secondly, the bank will need to have strong evidence to show that Mr M 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 Mr M's account and he 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 had received a report saying that funds which entered Mr M's account was because of a purchase scam. I accept this itself doesn't mean a fraud had definitely taken place. But a report of this nature does put the bank on notice and oblige it to investigate. Mr M doesn't think Monzo did this properly and simply believed what it had been told, but I don't agree.

I've reviewed the information and can see Monzo asked Mr M for supporting information for the transfer. But in the chat, he said he didn't have a delivery receipt. Whether the phone was sent or handed over in person, it's reasonable there would be messages of that

arrangement. Mr M says he doesn't keep messages and deletes everything; however, I don't find what he has said persuasive, especially given Monzo asked for the information quickly and Mr M was clearly concerned his account was blocked. Weighing everything, and without any supporting evidence of the phone being given, and the fact that the funds were removed quickly, I can see why considering the fraud report, Monzo took the action that it did. And I'm afraid the recent screen shots aren't themselves sufficient evidence for me to overturn the outcome.

I'm sorry to hear about the difficulties Mr M is having, and I accept he may not have fully appreciated the situation would result in a loading against him, but I'm not going to ask Monzo to do anymore to resolve this complaint.

Finally, and for clarity, Mr M should note that the marker will come off after two years from when it was recorded, because Cifas made some changes last year. These changes mean for an individual added to its database for a misuse of facility after 3 April 2024, the record will only be kept for two years where they were under eighteen.

This now completes our review of this 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 Mr M to accept or reject my decision before 27 March 2025.

Sarita Taylor
Ombudsman