

The complaint

Mr R complains Monzo Bank Ltd unfairly loaded him to a fraud database.

What happened

Mr R was contacted by Monzo on its online chat and asked about a payment he'd received. Mr R explained the payment was for some football shirts a friend, Mr H, was selling.

Monzo then closed Mr R's account and loaded his details to a fraud database.

Mr R complained and Monzo responded to say it had reviewed things again and wouldn't be removing the loading. Monzo said Mr R owed some money and this needed to be paid back.

Unhappy with this response, Mr R brought his complaint to this service. An investigator looked into things but didn't think Mr R's complaint should be upheld. The investigator said Mr R received fraudulent money into his account and Mr R's testimony wasn't consistent.

The investigator said Mr R told Monzo it was him and Mr H selling the shirts, not just Mr H, and Monzo was fair in keeping the loading on.

Mr R disagreed and said he was mistaken when he said he was selling the shirt, and he'd received money on behalf of Mr H before. Mr R said he was allowed to receive money from Mr H or other people.

Mr R said it was impossible for the investigator to say he'd received money for other items sold by Mr H before just because it came from Mr H. Mr R also asked for his bank statements from Monzo as he couldn't remember the activity on his account.

Then investigator sent Mr R his statements and asked for more comment on the many other payments Mr R had received. Mr R said he spoke with Mr H and was told the money paid in was to do with tickets and other shirts Mr H was selling.

Mr R said Mr H no longer had access to the selling platform he was using, and the account Mr R was paying into was Mr H's account. Mr R said Mr H had told him he'd had problems with his banking, so he asked to use Mr R's account.

Mr R asked for an ombudsman to decide things.

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.

For Monzo to fairly load Mr R to a fraud database it has to show Mr R received fraudulent

money and knew, or should have known, the money wasn't legitimate.

Monzo's sent in the fraud reports it received for several of the payments Mr R received. I'm satisfied Mr R received fraudulent money.

And looking at Mr R's statement he received a lot of money, in many separate payments.

On 5 July 2024 Mr R received £50 and the reference was Mr H's first name. Mr R then received a further eight payments all with Mr H's first name, surname or both.

On 23 July 2024 Mr R received £100 for football shirts, and this was the first payment flagged as fraud to Monzo. Mr R has sent this service some comment from Mr H who says he sold the shirts but didn't send them out on time and the buyer raised a fraud claim.

But this doesn't explain the many other payments Mr R was receiving, including the others raised as fraudulent. And each payment Mr R received for Mr H was very quickly moved to another bank account, which Mr R says was Mr H's account.

I can't understand why, if Mr H had an account he could receive payments into, he needed to use Mr R's account to receive payments from other people.

I think the volume, amounts, and rapid movement of the credits should have alerted Mr R to the fact these payments were likely not legitimate. Mr R was clearly aware of the number of payments he was receiving, he moved each one on to Mr H.

And I think Mr R should have been asking Mr H why he needed to use his account when it's clear Mr H had a working bank account, Mr R was paying money there.

So, whilst I agree Mr R is allowed to receive payments to his account, Mr R isn't allowed to knowingly receive fraudulent money into his account.

And I think Mr R should have known there was something wrong in what he was doing, allowing third parties to pay in for items Mr R wasn't selling and had no control over.

I don't think Mr R telling Monzo it was him and Mr H selling the shirts is the problem here, although it's clear this testimony isn't true. The issue is the quantity of the payments Mr R received from other people on behalf of someone who had a working account.

I think the volume of payments and Mr H's clear lie he had no other account should have alerted Mr R to the fact his account was being used for illegitimate purposes.

And because of this, I think Monzo acted fairly in loading Mr R's details to a fraud database, so I won't be asking it to remove it.

Mr R's said other bank accounts he held have been closed, and the loading will have a serious impact on him moving forward. I agree the impact of a fraud marker can be serious, but this doesn't mean Monzo has acted unfairly in loading Mr R to the fraud database.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 June 2025.

Chris Russ
Ombudsman