

The complaint

Miss T complains that Monzo Bank Ltd unfairly recorded a Credit Industry Fraud Avoidance System (CIFAS) marker under her name.

What happened

Around December 2023, Monzo restricted and closed Miss T's account following a review of certain transactions carried out on her account. Monzo asked Miss T for information and evidence to explain the transactions. Monzo wasn't satisfied with the evidence she provided, so it closed her account immediately and recorded a CIFAS marker under her name.

Miss T complained about the CIFAS marker. She says Monzo initially restricted her account and later lifted the restriction following the responses she provided to the bank's questions. Shortly after, Monzo applied restrictions again and asked questions about the same transactions. Miss T says she provided the same responses, but Monzo didn't accept her answers this time. Miss T is unhappy that Monzo was able to do this.

In its response, Monzo explained that it had acted fairly and followed its procedures correctly. Remaining unhappy, Miss T asked this service to review her complaint. She wants Monzo to remove the marker because she says it is affecting her ability to bank with other providers.

One of our investigators issued their outcome, explaining that they felt Monzo had acted fairly. Miss T disagrees saying the bank's actions have affected her mental health. Miss T asked for a final decision, so the complaint has been passed to me to decide.

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 decided not to uphold this complaint. I appreciate that this will be difficult for Miss T to hear so I'll explain why.

Monzo needed to have sufficient evidence to meet the evidential requirements CIFAS requires to record a misuse of facility marker. CIFAS says that evidence needs to be clear, relevant, and rigorous. I've reviewed all the information Monzo provided and what Miss T has said. I'm satisfied the evidential threshold is met. I'll explain why.

Monzo has sent this service confidential information about the payment Miss T received into her account. Although I cannot share the details, I'm satisfied the information is clear, relevant and rigorous enough to justify Monzo's actions.

When asked by Monzo and our investigator about her account activity, Miss T has provided an inconsistent version of events. Miss T received a payment of £1,000 around the time, and she said that this was from a friend. Until recently, she hasn't explained the purpose of the payment – claiming she needed the funds to make purchases. She now says that it was a

payment to help her fund a home move.

However, the funds were transferred to a third-party shortly after Miss T received the payment. If Miss T indeed needed the funds in the way she says, it strikes me as odd that she would then send the full amount to someone else. Miss T initially told Monzo that she sent the funds to a relative but later told the bank she was the victim of a scam and the third-party was in fact impersonating her relative. Miss T recently told us that the third-party was indeed her relative. She also submitted copies of messages, however, having reviewed these, I'm not persuaded that the messages corroborate her version of events.

Miss T's changing testimony leads me to find that her explanation is implausible. So I cannot fairly rely on it to conclude that the evidential requirements to record the CIFAS marker haven't been met.

Given this, I don't find that there's sufficient cause to ask Monzo to remove the CIFAS marker.

Miss T feels that Monzo conducted a poor investigation because it initially lifted the account restriction only to apply it again for the same reasons. She's unhappy that her explanation and evidence was accepted by the bank during its initial investigation, but not during the second instance it restricted her account. Miss T says Monzo should've specified the evidence it needed to see.

Monzo is strictly regulated and must take certain actions in order to meet their legal and regulatory obligations when providing account services to customers. Those obligations can broadly be summarised as a responsibility to know their customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm.

To comply with their legal and regulatory obligations, financial businesses will review their customers' accounts, which can either be periodic or event driven. And it isn't for Monzo to set out the evidence needed to demonstrate the reason for certain transactions. Having looked at all the evidence and information in this case, I'm satisfied that Monzo's reasons for review were done in line with their obligations.

It's generally for financial institutions to decide whether they want to provide or continue to provide banking facilities to a particular customer. Each financial institution has its own criteria and risk assessments for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there is a very good reason to do so, this service won't usually say that a financial institution must keep a customer or require it to compensate a customer who has had their account closed.

Monzo's terms and conditions say that it can close an account by giving two months' notice or with immediate effect in certain circumstances. Having looked at all the evidence and the terms and conditions, I'm satisfied that Monzo was acting fairly and reasonably when it decided to close Miss T's account immediately.

So I won't be asking Monzo to take any further action.

My final decision

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 22 April 2025.

Abdul Ali
Ombudsman