

## The complaint

Mr O complains Monzo Bank Ltd, trading as Monzo, closed his account without notice nor explanation and applied a fraud marker against him.

Mr O says Monzo's actions have substantively impacted him, and his plans, given his young age and status as a student. To put things right, Mr O wants the marker removed and compensation for the distress and inconvenience he's been caused.

## What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

In February 2024, Monzo restricted Mr O's account after it received a fraud report regarding a payment he'd received. Monzo asked Mr O for information about this through its banking app, but Mr O didn't respond. Monzo closed the account with immediate effect and applied a CIFAS (Credit Industry Fraud Avoidance System) Category six – misuse of facility marker against him.

Mr O says his bank account with another provider was closed which led him to discover that Monzo had applied the CIFAS marker. Unhappy, Mr O complained. Monzo reviewed its decision to apply the marker and asked Mr O for information about the £40 he'd received in February 2024. Mr O said this was payment for a jacket he had been selling and which had been marketed on a well-known website.

Monzo upheld Mr O's complaint in part. In summary, the key points it made were:

- Monzo won't reverse its decision to close Mr O's account, nor provide more information why it did so. And it did so in line with the terms and conditions of the account.
- After reviewing its decision to apply a CIFAS marker, Monzo has decided to retain it. Monzo hasn't made an error in doing so, nor relied on any incorrect information.
- Monzo should've responded to Mr O's complaint sooner than it did. Because of this it would like to pay Mr O £25 as a gesture of goodwill for the delay.

Mr O referred his complaint to this service. One of our Investigator's looked into it, and they recommended it wasn't upheld. They found that Monzo had met the criteria for loading a CIFAS marker against Mr O.

Mr O didn't agree with what our Investigator said. He said that Monzo applied it because he had failed to respond to a message he never saw, and that technical errors with messages can occur. Mr O added he has never been involved in any fraudulent activities and to penalise him in this way given his young age is unfair. Mr O reiterated the marker is having a serious detrimental impact to his financial wellbeing.

In response, our Investigator explained that in addition to considering Mr O's lack of

response to Monzo, they also considered all the circumstances of his complaint including the account opening, account activity, the claim against him, and the evidence he was able to provide about his entitlement to the funds.

Mr O didn't agree and sent in further points for an ombudsman to review. As there was no agreement, this complaint has now been passed to me to decide.

### **What I've decided – and why**

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr O and Monzo have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided not to uphold this complaint. I'll explain why.

#### CIFAS marker

Monzo say the marker it filed with CIFAS is intended to record there's been a 'misuse of facility' – relating to using the account to receive fraudulent funds. In order to file such a marker, Monzo is not required to prove beyond reasonable doubt Mr O is guilty of a fraud or financial crime, but it must show there are grounds for more than mere suspicion or concern.

CIFAS says:

- That there are reasonable grounds to believe that a Fraud or Financial Crime has been committed or attempted.
- That the evidence must be clear, relevant, and rigorous.

What this means in practice is that a financial business must first be able to show fraudulent funds have entered Mr O's account, whether they are retained or pass through the account. Having looked at the information Monzo has given me, I'm satisfied fraudulent funds entered Mr O's account.

Secondly, Monzo will need to have strong evidence to show the consumer was deliberately dishonest in receiving the fraudulent payments and knew it was, or might be, an illegitimate payment.

A marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show deliberate complicity. So, I need to consider whether Monzo has enough evidence to meet the standard of proof and load a marker for a misuse of facility with CIFAS.

Having carefully considered the evidence I have, I'm persuaded Monzo has applied the marker fairly. In reaching this conclusion, I've put aside that Mr O didn't respond to Monzo's

initial message for information about the jacket he says he was selling. What I have instead focused on is the explanations Mr O has given about the receipt of the funds, and the evidence he's been able to provide to show entitlement to them.

Mr O has said he marketed the jacket to Monzo on a retail website. And then sold it to someone outside that online platform to save some money. He hasn't been able to show the jacket was sent. He has also given a differing account in which he says a friend paid him the money to hold the jacket but then failed to give him the rest of the funds. So, he didn't give it to them. Mr O says he doesn't have any messages to show this is what happened as he changed his phone. On balance, I'm persuaded this shows Mr O was most likely complicit with the fraud.

So, for these reasons, I won't be directing Monzo to remove the marker. I note our Investigator has explained that because of Mr O's age, the marker will only be registered against him for two years from when it was applied.

#### Account closure

Monzo is entitled to close an account just as a customer may close an account with it. But before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Monzo and Mr O had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Monzo closed Mr O's account with immediate effect. I'm satisfied from its explanation and the supporting information it's provided, that it did so in line with its terms and conditions. Monzo is under no obligation to provide a detailed explanation to Mr O.

As I don't think Monzo has done anything wrong in applying the CIFAS marker, and in closing Mr O's account, I see no basis in which to award compensation for any distress and inconvenience he's suffered.

#### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 11 April 2025.

Ketan Nagla

**Ombudsman**