

## **The complaint**

Mr C has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name. This caused him considerable distress and he's now looking for what he deems reasonable compensation.

## **What happened**

In February 2021 Mr C was told by Monzo that they were closing his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr C found other accounts he held with other banks were also closed. He was also unable to take out a tenancy agreement to rent a property. This all had a serious impact on his mental health, and he was unable to work for a considerable period.

Mr C didn't discover the CIFAS marker until later in 2024 when he got hold of his records from another bank. He complained to Monzo.

Monzo agreed they should remove the CIFAS marker and did this straightaway. They initially offered £50 compensation to Mr C, then increased this to £250.

Mr C by this stage had brought his complaint to the ombudsman service. Monzo offered to raise the compensation to £400.

Our investigator reviewed the evidence which included Mr C's testimony. However, she felt overall that Monzo's offer was fair and wouldn't ask them to increase the level of compensation payable.

Mr C disagreed with this outcome. He's obtained legal advice which confirms he'd have a reasonable chance of successfully making a claim against Monzo. In the light of this, he wants a minimum of £2,500. He's asked an ombudsman to consider his complaint.

## **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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

It is clear what the requirements are prior to lodging a marker. Specifically:

*"There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.*

*The evidence must be clear, relevant and rigorous."*

So Monzo must be able to provide clear evidence that an identified fraud was being committed and Mr C was involved.

There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Monzo. This confirms they received notification from another bank about their customer who'd been scammed into sending £425 to Mr C's account as the result of services not being provided.

I can also see that Monzo now accepts that the CIFAS marker should not have been raised, so I think this aspect – the whys and wherefores – isn't the important aspect of Mr C's complaint.

Mr C has told us of the serious impact this has all had on him. I don't doubt what he's told us but in fact, he was unaware there was a CIFAS marker until later in 2024. Whilst he was unable to take out a tenancy agreement, get other bank accounts, use credit from 2021 onwards, it seems that he never considered further why this might be an issue.

I've taken into account Mr C's evidence he's had difficult mental health issues. I appreciate this could well have impacted his ability to research further why he was having problems in getting credit. But I have to say I'd have expected Mr C to have taken steps to find out what was going on well before he did so I've considered this as well.

It's also the case that Mr C has been unable to provide us with any direct evidence that his mental health – or the practical impacts on him – were caused by Monzo's actions.

I agree based on what I've seen that Monzo should remove the CIFAS marker. I believe they will have taken steps to do this in December after they agreed to do so.

I can see they offered Mr C £400 compensation after understanding the difficulties he'd had. I believe this offer is fair and reasonable. If Mr C doesn't wish to accept this, it is open to him to take further legal action.

### **My final decision**

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- remove the CIFAS marker from Mr C's record; and
- pay £400 for the trouble caused to Mr C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 March 2025.

Sandra Quinn  
**Ombudsman**