

The complaint

Mr B 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 B had an account with Monzo. On 4 August 2023, it was credited with £150 from a third-party, through a bank transfer. Soon after, he withdrew the funds to his PayPal account. However, the payment was later reported as fraudulent because the bank from which it had come notified Monzo that its customer had been the victim of a scam.

Monzo restricted the account and requested information to support why Mr B had received £150. He responded to say that he used the account for personal training, hoodies or if family and friends had borrowed money it made it easier to know where he was with that. Monzo requested evidence for the payment, but Mr B thought he'd provided enough.

Following a review, Monzo decided to close the account. At the same time, it also filed a misuse of facility marker at Cifas, as it believed Mr B had been complicit in receiving fraudulent funds.

Mr B found out about the marker when he did a Data Subject Access Request (DSAR) to see what information was held about him. He complained to Monzo that he'd not done anything to cause this. He said the marker was affecting his ability to get a bank account, and he'd innocently received a payment that a friend owed him, and that he genuinely believed was his when he withdrew the funds.

Monzo reviewed the information but didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr B came to us. In doing so, he said what had happened:

- He had been helping to support a friend financially that was in prison. He understood the payment he'd received was in relation to the friend paying him back, but via someone else that owed his friend money.
- His auntie would usually make payments for him to his friend in prison, and he'd reimburse her in cash. He attached screen shots of payments his auntie made to the to his friend. He also attached another screen shot of an email from his friend in prison saying that the other person had paid him.
- He didn't personally know the person that had sent the payment but believed they'd most likely made a malicious report to their bank in order to get their money back.
- The marker was having a financial and emotional impact on him. So, he wanted it removed.

One of our investigators looked at the case. They acknowledged what Mr B had said and provided but they didn't find his explanation plausible, when looking at the other available evidence. They didn't think Mr B's evidence showed that the specific payment was in relation to him being paid back. In the circumstances, they concluded Monzo had enough evidence

to justify recording there had been a misuse of facility.

Mr B didn't agree. He said he had been wrongly accused of being involved in fraud. He'd tried to get more information about the person that had sent the payment to prove he'd not done anything wrong, but he'd only got so far. He provided additional screen shots of some communications about this with other people, and he referenced that an xbox had been sold.

When the investigator didn't change their mind, the case was put forward for a decision, as the second and final stage of our process.

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 includes all the information provided after the investigator's opinion letter, which was shared with Monzo. Monzo considered that and maintains there's been no error.

I'm sorry to disappoint Mr B but I'm not upholding his complaint.

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. To file such a marker, it's not required to prove beyond reasonable doubt that Mr B 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 B's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr B 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. 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 B'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.

Monzo has provided the report it received from another bank, saying that funds which entered Mr B's account was because of a scam. At the time it contacted him about this, citing the payment amount and the person who had made the payment. It requested evidence to understand why he'd received this. Whilst Mr B did respond to explain what he used his Monzo account for generally, he didn't address the payment he was asked about and there's no reasonable explanation why he couldn't have, if it was legitimate. Also, the incoming payment doesn't amount to the money lent in the screen shots Mr B has provided.

Moving on, Mr B has explained that he'd given his friend his account details so that they could pay him back for financial support he'd been providing, but like the investigator, I don't

find what he's said persuasive. Because there's no plausible explanation on why he'd need to involve a third person in the arrangement (his auntie) and couldn't make the payments direct. Mr B says he didn't want to be associated with prison, but that doesn't make sense as he was prepared to give his account details to his friend who was in prison. There's now reference to an xbox but this doesn't align with what he's said about being paid back for providing financial support. None of this adds up.

I am sympathetic to the effect the marker is having, but ultimately Monzo had enough information to support the misuse of facility marker with the fraud report, the funds being withdrawn quickly and there being little or no tangible evidence to demonstrate Mr B was entitled to them. It follows that I don't think the bank acted unreasonably in recording the marker or indeed in closing the account (there's provision for that within the account agreement).

I'm sorry this isn't the outcome Mr B was hoping for, but it follows that I won't be requiring Monzo to delete the marker. This now completes our review of the 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 B to accept or reject my decision before 7 May 2025.

Sarita Taylor
Ombudsman