

The complaint

Mr O has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In April 2023 Monzo closed the account Mr O held with them. They'd received a fraud report from another bank about a credit of £420 paid into Mr O's account. Monzo then lodged a fraud-related marker on his record with CIFAS.

Mr O subsequently discovered the CIFAS marker as his main current account was closed down, and he was having difficulty getting an intern post for his university course. So Mr O complained to Monzo.

Monzo didn't feel they'd done anything wrong and refused to remove the marker.

Mr O brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and wouldn't ask Monzo to remove the marker.

Mr O disagreed with this outcome and has asked an ombudsman to consider his complaint.

I completed a provisional decision on 14 March 2025. I believed Monzo hadn't met the bar to lodging a marker and asked them to remove this from Mr O's record. This had also had an impact on Mr O's education and I asked them to pay him £400 as compensation.

Mr O accepted this outcome. Monzo didn't. They provided further evidence to show they had checked Mr O's eligibility to the funds received in March 2023, which they'd omitted from their original case file.

I now have all I need to complete my final decision.

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 in my provisional decision. 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 O was involved. This must go above Monzo having a suspicion of Mr O's involvement.

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 a notification from another bank about a customer who'd sent £420 to Mr O's account to buy a mobile phone. This customer didn't receive what she'd purchased and was then blocked from contacting the person she thought she was buying from. There was nothing to show that this customer definitively believed Mr O was scamming her, although I can see that Mr O probably had no right to these funds if the goods weren't supplied.

As soon as these funds hit Mr O's Monzo account, he transferred all of this money as well as other existing funds within his Monzo account to another of his accounts.

Mr O has told us he was operating a reselling business for clothes and electronic items. He's provided evidence to us in support of this. Mr O has changed mobile phones (unsurprisingly) in the period since this dispute occurred. He's not been able to provide anything to show he was selling a mobile phone or that this phone was either sent to the person who purchased it or not.

However, Monzo's new evidence does show that Mr O responded to them in 2023. He provided evidence to explain why he was in receipt of the funds. This included an excerpt from a chat confirming the sender of the funds in correspondence with Mr O.

Monzo provided this new evidence as they believed this would show Mr O must have known about the funds and their dubious origin. But I don't see this. I accept this shows Monzo had concerns about Mr O being involved in money mule activity but I don't see any evidence that this is exactly what was happening. I can only point to the requirements around banks lodging markers at CIFAS include there being sufficient evidence that the customer was aware and involved in what was going on. As stated above, this goes above there being a suspicion.

In this case I don't think the evidence required most likely exists here from reviewing the payment made into Mr O's Monzo account and his evidence, and including what Monzo has now been able to provide. There is nothing to show – as I would have liked to have seen – that Mr O was involved in a scam. He was certainly reselling items, but I've seen nothing definitive to show he wasn't providing items in return for payment.

On this basis I believe it would be fair and reasonable to ask Monzo to remove the CIFAS marker.

I believe Monzo's actions in not following up with Mr O about what had happened has led to this position where a CIFAS marker has limited Mr O's educational options. Therefore compensation is due. I've considered Mr O's detailed submission about the impact these issues have had on him. This has obviously caused serious distress causing him to lose weight and worry about his future. Taking into account the seriousness of this, I will be asking Monzo to pay £400 to Mr O.

My final decision

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

- remove the CIFAS marker from Mr O's record; and

- pay Mr O £400 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 24 April 2025.

Sandra Quinn
Ombudsman