DRN-5347230

The complaint

Mr W complains Monzo Bank Ltd recorded a marker against him at Cifas, a national fraud database. He doesn't think it's treated him fairly and wants the marker removed.

What happened

Mr W held an account with Monzo. Mr W has explained that he used his Monzo account to receive payments for clothing that he sold via social media.

On 20 May 2024, Mr W received a payment for £145 from an individual I will refer to as C, through a bank transfer. On 29 May 2024, Mr W received another payment for £250 from an individual I will refer to as R. Mr W spent some of the money and sent the funds to another account in his name.

The banks from which the payments had come, notified Monzo its customers, R and C had reported fraud, so it closed Mr W's account. Monzo also loaded a misuse of facility marker at Cifas against Mr W as it thought the activity on the account suggested he'd been complicit in receiving fraudulent funds.

Mr W discovered Monzo had loaded the marker when he tried to open another bank account with a different bank. Mr W contacted Monzo to understand why. In response, Monzo asked Mr W to tell them why he'd received the payments from C and R. Mr W said he had received the payments for clothing he'd sold C and R. To back up his explanation Mr W gave Monzo screenshots of conversations he said he'd had with C and R and details of the items of clothing he said he sold to them. Monzo reviewed everything but didn't think it had made a mistake. And said it wasn't willing to remove the Cifas marker.

Mr W came to us because he didn't think Monzo had been transparent with him. He believed he'd been treated poorly. And said Monzo hadn't asked him anything about the activity on his account at the time.

He set out what had happened. He said he had been selling old clothing online via social media to earn money to put towards his university education. Mr W said that he sold clothing from his home address and people would collect the item they'd bought from him. And that he did this because he was busy studying and didn't have a lot of free time to use the post or a courier. Mr W said he had created business cards and would on occasion deliver the clothing he sold in person. Each time he made a sale he'd take a photograph of the individual receiving the goods holding his business card, as proof of the sale.
Mr W said C had bought items from him previously without any issues. He said in May 2024, C had ordered a hat, top and bottoms which he sold for £145. He provided a screenshot of a photograph of an individual he said was C holding a hat dated 30 May 2024, as evidence the sale took place. And another undated photograph of C wearing an outfit that he says he sold to C as part of the transaction.

Mr W said R bought a sports tracksuit from him. He said he had arranged to meet R and delivered the tracksuit to him in London on 10 June 2024. He provided screenshots of conversations he had with R arranging the meeting and photographs of the items he says he sold to R.

Mr W also provided our service with evidence he'd ordered and bought business cards, which he used when making sales.

One of our investigators reviewed the complaint but he didn't find Monzo's decision to apply the marker unfair. In coming to his conclusion, he took account of Mr W's testimony about what he'd told Monzo when he had contacted them about the marker, the payments in and out of his account and what he'd said when making the complaint.

The investigator felt the testimony was inconsistent and some explanations weren't supported by contemporaneous and tangible evidence. Overall, he didn't find Mr W's explanation credible as to why funds had been paid into his account and believed the evidence Monzo had was enough to demonstrate he'd been complicit in receiving fraudulent funds.

Mr W disagreed with the assessment and set out his analysis of why he considered the outcome wrong. Amongst other things, he submitted further evidence of sales he'd made. He reiterated that he hadn't done anything wrong and had received the payments from C and R for legitimate sales of clothing. He felt Monzo had loaded the marker without allowing him the opportunity to defend himself. He said other key evidence was no longer available due to Monzo not investigating the matter properly at the beginning and communications between him and sellers was no longer available.

Mr W still wanted his case reviewed and when an agreement couldn't be reached on whether Monzo had been fair to record the fraud marker in the first place, the case was put forward for a 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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I would like to highlight that I've taken into account Mr W's very detailed submissions about what has happened. I say this as I'm aware I've summarised Mr W's complaint in less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint. Our rules allow me to do this.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information Monzo has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr W, but I'd like to reassure him that I have considered everything.

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 W 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 W's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr W 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 conduct checks of sufficient depth and retain records of these checks. This should include giving the account holder the opportunity to explain the activity on their account to understand their level of knowledge and intention.

Whilst I'm satisfied Monzo did provide Mr W with an opportunity to explain why he'd received the money from C and R it only did so once he contacted them after it had loaded the marker against him. I think it could have explored things a lot further and before making the decision to register the marker against Mr W. With this in mind, I can see the investigator asked Mr W to provide any information he had about his entitlement to the money he received from C and R what he did with it.

In response, Mr W told us that he was running a yard sale type business selling clothing. He provided screen shots of the conversations he had with buyers including C and R (and others), photos of items he'd sold and sales he'd made. And details of his business cards and business model. Based on Mr W's response, I think if Monzo had asked Mr W about the payments it's likely that he would have provided the same information to them. So, I need to consider whether based on all the information including the evidence Mr W has submitted to us, whether Monzo had sufficient evidence to meet the standard of proof and load a marker for misuse of facility with Cifas.

Monzo says it received two fraud reports from other banks relating to the payments he received from C and R. I've reviewed these. I can see that following the investigator's assessment there's been some debate about whether the report concerning the payments was fraud. Mr W says he received the payment for legitimate sales. In summary, he said Monzo had purely relied on the fraud reports it had received, not investigated things properly and been overzealous in taking the steps it had. He added that any fraud had been committed by the person sending the funds, and not him in receiving them. He explained that the whole situation had taken its toll both emotionally and financially. But there's no indication these claims were retracted. The customer's whose accounts were debited reported that they had been the victim of scam – that they never received the goods they paid Mr W for and couldn't get in touch with him after they'd sent him payment. Mr W transferred the funds to himself at an account he held elsewhere and spent the funds – so he appears to have benefitted from fraudulent funds.

I've thought about what Mr W has said about why he was expecting to receive these payments. And I've looked at all the evidence he's provided, which includes the screenshots he's sent. However, I don't find what he's said persuasive. I say this because it's of note none of the individuals who Mr W purports to be C and R in the photos accepting and in C's case wearing the items, can be identified. So, I can't conclusively say Mr W delivered the items he says he sold to them.

The fraud report that C made to their bank confirms that they had bought items from Mr W previously without any issue, which corroborates what Mr W has told us. But it also says they paid Mr W £145 for a "hat, top and bottoms." And received nothing. Mr W has provided a photograph of an individual he says is C – the photo shows a female holding a designer sports baseball cap and is dated 30 May 2024. Another undated photo shows a female wearing a top and bottom matching outfit – but this photo isn't dated.

Whilst I accept these two photos could be genuine, it's very difficult to say they are directly linked to the funds received in Mr W's account in early May 2024 from C because one of the photos is undated. This means it could have been an old photo, or one that Mr W has created more recently. So, I can't conclude this relates to the £145 payment Mr W received on 20 May 2024. I note too that the payment Mr W received from C was referenced 'family' which doesn't make sense if the money was to buy items of clothing.

Mr W's evidence to us and Monzo also includes messages between himself and R which do appear to confirm he'd arranged to deliver a sports tracksuit to R. He's confirmed to us and Monzo that the £250 paid into his account was the cost for this item. And he delivered the tracksuit to R. Except – despite all the messages which he's provided to us – this story just doesn't stack up.

I say this because there's no evidence the meeting and delivery took place. I note too that from looking at the messages between R and Mr W, the meeting was arranged to take place on 29 May 2024. If this meeting did take place, as Mr W suggests, there's no reasonable explanation why R told their bank on 17 June 2024, that they didn't receive the tracksuit. I can also see from the fraud report that R explained to their bank that they'd been trying to contact Mr W, but he'd blocked them from doing so. C told their bank a similar story. That they'd paid Mr W for items that they never got. And then couldn't get hold of Mr W. I find it unlikely that two separate unconnected individuals would make such similar reports if they had no basis to do so.

I'm sure that Mr W did set up a proper business involved in reselling, so I considered whether Mr W was also the victim of a scam. Except that I can't see where or how he was scammed since I can't see him delivering the items C and R paid for. I've also not been provided with evidence to show the cost of the corresponding items Mr W was selling. And whether Mr W was in fact in possession of any of the items he says he sold to C and R in the first place. Because of this I can understand why Monzo had concerns about the legitimacy of the funds and I'm satisfied with the actions they took at this time – which was, loading a CIFAS marker against Mr W and eventually closing the account.

Unfortunately, like Monzo I'm not convinced the funds were because of the sale of the clothing. I must reach a decision based on the evidence and I'm afraid I don't find what Mr W has said about why he received the payments from C and R plausible. And there were fraud reports about these payments. Thinking about this and the other evidence, which Monzo has shared with us in confidence about how Mr W was operating his account, I'm satisfied Monzo had enough information to justify recording the marker.

In summary, having looked at all the evidence I'm satisfied this shows there were reasonable grounds to suspect that fraud had been committed. And from evidence I've seen that Mr W was likely complicit in this. So, on this basis I didn't think it would be fair or reasonable to ask Monzo to remove the marker.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 August 2025.

Sharon Kerrison
Ombudsman