

The complaint

Mr O complains that Monzo Bank Ltd unfairly closed his account and loaded a Credit Industry Fraud Avoidance System (CIFAS) marker against his name.

What happened

Around October last year, Monzo loaded a CIFAS marker against Mr O's name following the immediate closure of his account. Monzo took these steps after enquiring about a £200 payment into Mr O's account. At the time, Mr O explained to the bank that the payment was related to income from his property.

Monzo responded to Mr O's complaint advising that its position remained the same. Remaining unhappy, Mr O asked this service to review his complaint. He wants Monzo to remove the CIFAS marker and reinstate his bank account. Mr O also explained that the payment was in fact for a cryptocurrency trade.

Mr O says the CIFAS marker has resulted in him facing financial difficulties and his mental health has been affected. He adds that it is affecting his ability to obtain banking facilities elsewhere. Our investigator issued their outcome, explaining that Monzo had acted fairly.

Mr O doesn't agree. He's remains adamant that he didn't take part in any fraudulent activity and that the marker is affecting his day-to-day life. Mr O asked for a final decision, so the complaint has been passed to me to decide.

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 empathise with Mr O as he's faced some difficult circumstances. However, I must reach a decision that I think is fair and reasonable – in doing so, I've decided not to uphold this complaint. I appreciate that this will be difficult for Mr O to hear so I'll explain why.

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

CIFAS 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 the bank must first be able to show that fraudulent funds have entered Mr O's account, whether they are retained or pass through the account.

Monzo will need to have strong evidence to show that Mr O was deliberately dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. But a marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show deliberate complicity. There's also a requirement that Monzo should've given Mr O an opportunity to explain what was going on.

So, in order to decide whether Monzo acted fairly, I need determine whether it had enough evidence to meet the above standard of proof to load the CIFAS marker.

Monzo has sent this service confidential information about the payment Mr O received into his account. Although I cannot share the details, I'm satisfied the information is clear, relevant and rigorous enough to justify Monzo's actions.

When asked by Monzo about the purpose of the payment, Mr O said it was income from his property. However, he was unable to evidence this at the time. Mr O has since told us that it was in fact a payment related to the trade of cryptocurrency. He says he initially panicked and provided a different version of events to the bank, as he was unsure if he was allowed to sell cryptocurrency.

Mr O has sent us copies of his activity via the trading platform he uses as well as a copy of some messages he exchanged with another user. As our investigator points out, the details do not corroborate Mr O's testimony. None of the transactions, dates or user details seem to match the payment Mr O received. Additionally, despite Mr O's explanation, I'm mindful of the fact that he's provided an inconsistent account of why the funds entered his bank account – and this affects my ability to find his testimony credible. So I can't fairly conclude that the information Mr O has provided is persuasive evidence that the purpose of the payment is what he claims it was for.

Given this, I don't find that there's sufficient cause to ask Monzo to remove the CIFAS marker.

It's generally for financial institutions to decide whether they want to provide or continue to provide banking facilities to a particular customer. Each financial institution has its own criteria and risk assessments for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there is a very good reason to do so, this service won't usually say that a financial institution must keep a customer or require it to compensate a customer who has had their account closed.

Monzo's terms and conditions say that it can close an account by giving two months' notice or with immediate effect in certain circumstances. Having looked at all the evidence and the terms and conditions, I'm satisfied that Monzo was acting fairly and reasonably when it decided to close Mr O's account immediately.

For these reasons, I won't be instructing Monzo to do anything.

My final decision

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 10 April 2025.

Abdul Ali
Ombudsman