

The complaint

Mr O complains Monzo Bank Ltd recorded a marker against him at Cifas, a national fraud database and closed his account. He doesn't think it's treated him fairly.

What happened

A summary of what happened is below.

Mr O had an account with Monzo. In October 2024, it was credited with a payment for £500 from a third-party, through a bank transfer. Mr O transferred the funds out of his account to an account he had elsewhere with a money transfer service. He says he sent the money to his friend who was the intended beneficiary. However, the payment was 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 O had received the payment. He said it had come from family and friends. Monzo considered this alongside the fraud report and decided to close the account following a review. At the same time, it also filed a misuse of facility marker at Cifas, as it believed Mr O had been complicit in receiving fraudulent funds.

Mr O found out about the marker and 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 received money for a friend because they had restrictions on their own account. He added that he'd sent the money onto that person and hadn't kept anything for himself. And attached some screen shots of the transactions from the money transfer service.

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

- He hadn't committed fraud and was himself a victim.
- He thought he was genuinely helping a friend.

One of our investigators looked at the case. They acknowledged what Mr O had said but they didn't find his explanation plausible, when looking at the other evidence. They noted Mr O had told Monzo that he was helping a friend but when first asked about the payment he hadn't mentioned a friend to Monzo. The investigator also reviewed other information from Mr O but they didn't find it persuasive in supporting the arrangement he'd described.

The investigator also found there was no error by Monzo in closing the account.

Mr O asked for the matter to be escalated to an ombudsman as the second and final stage of our process. He reiterated there had been no fraudulent intent on his part – he said he'd innocently assisted someone who needed a favour. And he submitted that the marker was having a detrimental effect on his life.

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.

I'm sorry to disappoint Mr O 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 O 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 O's account, whether they are retained or pass through the account. Secondly, the bank 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. 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 O'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 evidence that it received a report from another bank, saying that funds which entered Mr O's account was because of a scam. Monzo needed to make enquiries to meet its obligations to investigate the payment and so it reached out to Mr O. Mr O said he'd received the money from family and friends but clearly this didn't match with the fraud report from the other bank. So, I can understand why Monzo decided to file the fraud marker and close the account.

I've thought about what Mr O has said about his role in receiving the payment and sending it on. But I don't find what he's said persuasive. I've seen the WhatsApp messages but there's no tangible evidence to support there were restrictions on his friend's account and he had agreed to help them for this reason. Mr O has said that some exchanges were done over the phone but I'm afraid this isn't enough and this is Monzo's position, which I can understand.

I am sympathetic to the effect the marker is having, but looking at the circumstances I'm satisfied Monzo had enough information to support the misuse of facility marker with the fraud report, the funds being withdrawn as they were, and there being little or no supporting evidence to demonstrate the arrangement as Mr O says he understood it in relation to the restrictions.

It follows that the bank wasn't unfair 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 O was hoping for, but it follows that I won't be requiring Monzo to delete the marker. As this is our final stage, this 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 O to accept or reject my decision before 29 July 2025.

Sarita Taylor
Ombudsman