DRN-5431245

Financial Ombudsman Service

The complaint

Mr O complains that Monzo Bank Ltd unfairly loaded a marker about him at Cifas, the national fraud database and closed his account.

To put things right he wants Monzo to remove the marker.

What happened

Mr O had an account with Monzo.

Mr O has explained that he is a director of a company I will refer to as B, which sources properties for investors.

In August 2024, a payment of £1,000 was paid into Mr O's account, from an individual I will refer to as Mr C. Some of the money was immediately transferred to other accounts in Mr O's name, the rest was spent.

Following this Monzo were notified by another bank that the payment Mr O had received from Mr C was fraudulent and that their customer had been the victim of a scam.

Monzo decided to block Mr O's account and asked him to get in touch so that it could speak to him about the payment. Mr O contacted Monzo and told them that he sourced a property for property for Mr C who'd then backed out of the deal. Mr O provided screenshot of conversations he'd had with Mr C and an advert of a property he said he'd arranged for Mr C to view as an investment.

Monzo reviewed everything Mr C provided together with the information it had received from the sending bank. Following this Monzo decided to place a fraud maker against Mr O's name with Cifas. This was for misuse of a facility in relation to retaining fraudulent funds. Monzo also closed Mr O's account immediately.

Mr O complained to Monzo and asked them to remove the marker. He said that Mr C had a legitimate business deal and M C hadn't turned up at a scheduled meeting to view the property. So, under the terms of the agreement Mr C had agreed, Mr C wasn't entitled to a refund. However, as a gesture of goodwill he agreed to refund Mr C the £1,000 and entered into a repayment plan of £50 a month commencing in January 2025. Mr O maintained he hadn't acted fraudulently and the whole thing was simply a contractual disagreement which he'd offered to put right by refunding Mr C.

Monzo reviewed everything including what Mr O had told them. After doing so, it said it wasn't willing to remove the marker.

Unhappy with this response Mr O brought his complaint to our service. He wants Monzo to remove the marker.

An investigator looked into Mr O's complaint and asked Mr O some more questions about what had happened. Mr O said he hadn't done anything wrong and if he had he wouldn't have agreed to repay Mr C. He sent the investigator screenshots of the messages he had with Mr C and copies of the agreement, repayment plan and advert of the property.
After reviewing everything the investigator said that Monzo hadn't done anything wrong when it had recorded the marker against Mr O's name. And closed his account. So, they didn't uphold the complaint.

Monzo agreed with what the investigator said. Mr O didn't. He wants the marker removed. In summary he said:

- He hadn't done anything wrong and had provided evidence supporting his innocence.
- He hadn't behaved fraudulently, and it had been a contractual disagreement.

The investigator reviewed all the information Mr O provided but maintained that Monzo hadn't done anything wrong. Mr O remained unhappy and asked for an ombudsman's decision. So, the matter has come 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 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. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Monzo has treated Mr O fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Mr O's detailed submissions.

The marker that Monzo filed with Cifas against Mr O is intended to record that there's been a 'misuse of facility' – relating to using his account to receive fraudulent funds. In order to file such a marker, they're not required to prove beyond reasonable doubt that Mr O is guilty of a fraud of financial crime, but they 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 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 the consumer 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 be giving the account holder an opportunity to explain what was going on.

Here Mr O received funds into his account that were confirmed by another bank to have originated from fraud. The bank reported that their customer had fallen victim to a scam.

In November 2024, Monzo asked Mr O to send them evidence of where the £1,000 had come from and proof that the money belonged to him. Mr O told Monzo it was a fee for investing in a property and legitimate business transaction.

So, I need to consider whether based on all the information including the evidence Mr O has submitted to us, and the evidence Monzo has provided to us in confidence, whether Monzo had sufficient evidence to meet the standard of proof and load a marker for misuse of facility with Cifas. Having looked at all the information provided, I'm satisfied they did, and I say this because:

- I've seen the evidence from Monzo that confirms they were notified by another bank that fraudulent funds were paid into Mr O's account.
- Monzo says it wasn't notified that the fraud report had been withdrawn by the sending bank and didn't have any evidence that Mr O had repaid the money to Mr C.
- Mr O has gone to some lengths to prove his position. – in that the payment was a reservation fee for a property investment deal he'd arranged with Mr C. And that he hasn't used his account for fraudulent purposes. I've reviewed everything Mr O has submitted. Having done so I'm not convinced by Mr O's version of events. I say this because other than an advert Mr O hasn't provided any specific details of the property he'd offered to Mr C such as a lease agreement, the address of the property, or any paperwork to show the arrangement with the landlord that he had permission to offer the property in the first place. I'd expect there to be some evidence of this and that it would be readily available if this was a genuine business transaction. But nothing has been provided.

- I've looked at the documents Mr O has provided, however, due to lack of detail regarding the property including the lease agreement, I am unable to place much weight on the documents given there's no means of verifying the information due to the lack of detail. Nor do I find the submissions to be consistent with the confidential evidence Monzo has provided.

- I not too that Mr C asked Mr O to provide the lease after he'd paid Mr O £1,000. But Mr O said he couldn't do this as it contained details of the landlord – which I think could have been redacted if Mr O had any concerns about sharing personal information. So, I can't think of a plausible explanation why Mr O couldn't provide this information.

- After Mr O received the payment from Mr C, the funds were immediately transferred to another account and spent. If Mr O was receiving the money on behalf of a letting arrangement, I'd expect Mr O to either send or give the funds to the owner of the property. But this didn't happen. Mr O hasn't disputed any of the transactions so it's likely he was responsible for moving the fraudulent funds quickly through his account.

- Mr O told our service (and Monzo) that he'd agreed to a repayment plan with Mr C, which shows he hasn't behaved fraudulently. But he's only provided a screenshot of one payment being made. So, I can't say this shows Mr O was trying to put things right as he's suggested. And overall, I'm not persuaded M O has provided credible evidence that he isn't involved in fraudulent behaviour.

- Monzo has provided some further details of its decision-making process, which led to the loading of the Cifas marker against Mr O. I'm sorry but I can't share this information with Mr O due to its commercial sensitivity. But when I weigh everything up, it leads me to doubt the credibility of Mr O's version of events and suggests to me that Mr O was potentially involved in fraudulent behaviour.

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 O 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 or pay Mr O compensation.

Monzo decided to close Mr O's account. Monzo have relied on the terms and conditions of Mr O's account in closing the account. These outline that Monzo can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case, Monzo closed Mr O's account immediately.

For Monzo to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that Monzo did. I say this because Mr O's account was being used to receive and spend funds that had originated from fraud. So, it was entitled to close the account as it's already done and end its relationship with Mr O. This means I won't be asking Monzo to reopen Mr O's account.

In summary, 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. Mr O has received funds into his account that have originated from fraud. I also find that the suspicious circumstances of the movement/use of the money and explanations provided by Mr O adds weight to this argument.
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 O was likely complicit in this. On this basis I didn't think it would be fair or reasonable to ask Monzo to remove the marker or pay Mr O compensation.

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 O to accept or reject my decision before 11 December 2025.

Sharon Kerrison
Ombudsman