

## **The complaint**

Mr N complains Monzo Bank Ltd unfairly applied a Credit Industry Fraud Avoidance System ('CIFAS' - the UK's fraud alert service) marker against his name after transactions he didn't authorise occurred on his account.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Further, although Mr N has a representative on this case, but I will refer to Mr N directly throughout.

Mr N held a Monzo account, which was opened in May 2019. Mr N used the account regularly until January 2021 when activity on the account ceased. There was then renewed activity on the account May 2021. Due to evidence it received and a review of the account Monzo registered a CIFAS marker for misuse of facility against Mr N. Mr N says the activity on the account at this time was not authorised, and the transactions were carried out by a third party.

In April 2023 Mr N realised a CIFAS marker had been registered against him. Mr N says this came to light as he was applying for jobs in the financial sector and the marker showed when potential employers ran checks. At this point Monzo reviewed the application of the marker and maintained it had been applied correctly. Monzo issued a final response about the application of the marker in August 2023.

Following this Mr N noted that the marker had been amended by Monzo. Unhappy with Monzo's decision to amend the loading Mr N contacted this service. An Investigator didn't think the complaint should be upheld, for the following key reasons:

- Monzo provided evidence to show that the transactions were made from Mr N's account using his security credentials.
- Based on the evidence Monzo provided it was fair for it to hold Mr N liable for the transactions.
- The amendment of the CIFAS marker was fair and Monzo had provided evidence to show the standard of proof had been met.

Mr N didn't accept the Investigator's findings and maintained he had been treated unfairly. As no agreement could be reached the complaint was referred to me – an ombudsman – for a 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.

I appreciate Mr N was disappointed by the Investigator's opinion. I'd like to reassure Mr N that I've considered the whole file and what's his representative have said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to

comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach – it simply reflects the informal nature of our service as an alternative to the courts.

### *Disputed transactions*

Monzo closed Mr N's account and lodged a CIFAS marker after they received fraud notifications regarding incoming payments to Mr N's account. Mr N's complaint is that he wasn't responsible for the transactions because his account had been compromised. So, in order to determine if Monzo acted fairly, I first need to consider the issue of the disputed payments.

From what's been said and provided so far, there's not much common ground about exactly what happened or how it might have happened. Where the evidence is incomplete, inconclusive or contradictory (as it is here), I reach my findings on balance – in other words, what I consider is more likely than not to have happened in the light of the available evidence and the wider circumstances.

Mr N has denied knowing anything about transactions and has stated that he had stopped using the account. The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Monzo can hold Mr N liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them, but Monzo cannot say that the use of the card or internet banking conclusively proves that the payments were authorised.

Unless Monzo can show that consent has been given, it has no authority to make the payment or to debit Mr N's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. This includes details of how the payments were made and authorised. The information presented by Monzo shows that the transactions were authenticated using the credentials issued to Mr N.

Mr N says he lost his phone during the period the transactions took place, and I can also see that a new device was registered to the account around the same time. Mr N says a third party must've gained access to his account to make the transfers using this device. However, in order to add this device access to Mr N's email address would've been required, as well as his online banking details. An email would be sent to Mr N's registered email – and this would've allowed the second device to be added. There were no changes made to Mr N's contact details at the time, and he hasn't reported issues with the security of his email account.

I am also mindful that Mr N's other accounts remained unaffected by the hack he says he was a victim of. Mr N has also provided evidence about a Binance account, which he says he only recently discovered had also been hacked, but I don't consider these screenshots sufficient to demonstrate Mr N wasn't aware of the activity on his account. The technical data also shows that the transactions Mr N says he made relating to his Binance account in early May 2021 were made from the second device Mr N says was added to the account by a hacker. This doesn't reconcile with Mr N's version of events.

The overall circumstances presented at the time of the transactions also raise questions about Mr N's actions. Mr N says he stopped using his Binance account on 24 May 2021 – a day before the fraudulent transactions took place. Mr N says after this point he didn't use or check his Monzo account as he was occupied with his exams at the time. The account was closed by Monzo – and even though it had a small balance, I find it unusual that Mr N didn't query the closure or try and reclaim the account balance. I also think that if Mr N's phone

had been lost, he would've been mindful of the impact this could have on his bank accounts, thus prompting him to check their status.

After carefully reviewing the technical data, the details provided by Mr N don't support the premise that these transactions were carried out by a third party. Based on the evidence I've seen I don't think it's plausible that these transactions were carried out by someone else. Rather the information supports Monzo's position that Mr N provided authority for the transactions.

So, I'm satisfied it was more likely than not that Mr N was responsible for transactions that were reported as fraudulent.

### *CIFAS marker*

As a UK financial business, Monzo is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Monzo needs to restrict, or in some cases go as far as closing, customers' accounts.

As part of Monzo's regulatory duties, businesses will use databases to share information. CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Monzo is not required to prove beyond reasonable doubt that Mr N is guilty of a fraud or financial crime, but it must show that there are grounds 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 such that the member could confidently report the conduct of the subject to the police.

What this means is that Monzo will need strong evidence to show that Mr N has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action. The application of a CIFAS marker can have serious consequences for an individual, so this service expects business to carry out a thorough review of the available evidence.

Monzo says the application of the marker in 2021 isn't the subject of this complaint. I understand a separate complaint was raised about this, however the follow up complaint focused on the amendment of the marker following the review carried out by Monzo. There is inevitably some overlap with these issues, but my primary focus is whether the decision to maintain the loading and amend it is fair. Monzo has provided this service with details of the investigation it carried out following Mr N's complaint about the loading. This included a review of the fraud reports it received and the account activity. As noted above, Monzo wasn't satisfied the dispersal of the fraudulent funds was carried out by an unknown third party. The technical evidence also supports this belief.

Monzo's review of the loading shows that it received multiple fraud reports relating to Mr N's account with the amounts varying in value, but all being paid into the account at the same time. The funds were dispersed swiftly to the same Binance account Mr N had previously made payments towards the previous day. Monzo closed the account immediately and this didn't prompt Mr N to get in touch. This evidence in itself shows a misuse of the account for fraudulent purposes.

Further, there's nothing I've seen within the evidence that indicates an unknown third party was controlling Mr N's account. When Mr N raised his complaint with Monzo in April 2023 another review was conducted of the account and Mr N was provided with an opportunity to provide further evidence. Monzo's secondary review led to it retaining the marker but amending the entry to more accurately reflect its review. Monzo found the evidence suggested Mr N had surrendered his account credentials. Mr N says this was unfair and shows its initial review was flawed.

I appreciate Mr N's concern over the variation, but I am still satisfied the loading, and its subsequent amendment were appropriate. Monzo's submissions to this service include details of the second device that was added to Mr N's account, and this device has been associated with fraudulent activity. In addition, the changes in activity on the account, alongside Mr N's lack of engagement with the account following the fraud all tie in with the premise that Mr N had provided access to his account.

I am sorry to learn of the impact the marker has had on Mr N. I would encourage Mr N to reach out to CIFAS directly to query how long the marker will be recorded against his name given he was under the age of 21 at the time it was loaded.

I know this will not be the outcome Mr N was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Monzo to take any further action.

### **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 N to accept or reject my decision before 18 July 2025.

Chandni Green  
**Ombudsman**