

The complaint

Mr S complains Monzo Bank Ltd recorded a marker against him at Cifas, a national fraud database. He doesn't think it has treated him fairly.

What happened

A summary of what happened is below.

Mr S held an account with Monzo. In August 2024, it was credited with £300 from a third-party, through a bank transfer. Soon after, he withdrew £290 of the funds and transferred £10 to another account he held. However, the incoming payment was later 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 S had received £300. It said Mr S told it that it was money paid by a friend. Following a review, Monzo decided to close the account. At the same time, it also filed a misuse of facility marker at Cifas, as it believed Mr S had been complicit in receiving fraudulent funds. Mr S found out about the marker when he did a Data Subject Access Request (DSAR) to see what information was held about him. He 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.

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

- He'd loaned a friend some money and they had tried to pay £300 into his account. But the payment had been declined.
- The marker was affecting his day-to-day life, including his wellbeing and he needed it removed.

One of our investigators looked at the case. They acknowledged what Mr S had said, but didn't find his explanation plausible, when looking at the other available evidence. They didn't think Mr S' testimony showed that the specific payment was in relation to him being paid back, particularly as the details he'd given didn't match with those of the actual payee and the payment wasn't declined but had been successful and withdrawn by him. In the circumstances, they concluded Monzo had enough evidence to justify recording there had been a misuse of facility.

Mr S said that upon review, the funds weren't from the friend he'd thought of but from someone else who he knew from the casino. He'd done them a favour in allowing money to be paid into his account after they had reached their credit limit. He'd withdrawn this in good faith and wasn't aware there was anything fraudulent going on. He'd tried to find this person but hadn't had any luck.

A new investigator reviewed this information but felt without any further evidence to show why Mr S had been entitled to the payment, there was nothing to support this was what the payment was in relation to, especially considering the fraud report. Mr S said he needed

some more time to try and get a statement from the person that had paid the funds.

The case was put forward for a decision on 13 March 2025, in line with the second and final stage of our process.

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 opinion letter. Some further time has now lapsed and I'm ready to decide the case. I'm sorry to disappoint Mr S 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 S 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 S' account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr S 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 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 the report it received from another bank, saying that funds which entered Mr S' account was because of a scam. At the time it says it contacted him about this and requested evidence to understand why he'd received funds. Up until recently Mr S has said the payment was from a friend trying to pay him back, but he now says it was another acquaintance who had reached their credit limit at the casino and needed a favour. These are clearly differing accounts, and I can't see why if this is true that Mr S couldn't have said so earlier. Unless of course he knows more about the payment than he was willing to let on and I think this is a more likely explanation looking at what's happened, including the activity on the account. As well as this, there is no tangible evidence to show Mr S was entitled to the payment.

I am sympathetic to the effect the marker is having, but ultimately, I'm satisfied Monzo had enough information to support the misuse of facility marker with the fraud report, the funds being withdrawn quickly and there being little or no evidence to demonstrate Mr S was entitled to them. It follows that I don't think the bank acted unreasonably 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 S was hoping for, but it follows that I won't be requiring Monzo to delete the marker or do anything with the closed account. This now 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 S to accept or reject my decision before 28 May 2025.

Sarita Taylor
Ombudsman