

The complaint

Mr O complains that Monzo Bank Ltd unfairly registered a marker about him at Cifas, the national fraud database. He wants the marker removed.

What happened

Mr O had an account with Monzo.

On 16 August 2024, two payments of over £490 and a payment for £480 were made into Mr O's account, from a business I will refer to as B. After the payments were received Mr O transferred most of the money to an individual, I will refer to as C, who had the same surname as Mr O. The remaining funds were withdrawn at an ATM and transferred to another bank I will refer to as D, and sent to another individual – with the same surname as Mr O.

Monzo were notified by another bank that the payments Mr O had received from B were fraudulent and that their customer had been the victim of a scam.

Monzo reached out to Mr O via its in-app chat facility and asked him to tell them why he'd received the payments from B, and to provide any evidence he had to show he was entitled to the money. Mr O told Monzo that the money was from a family member who was helping him to pay his rent. And he sent in screenshots of conversations he said he had between him and the sender of the money to support his explanation.

Monzo reviewed the information but didn't think it showed Mr O was entitled to the funds. Following this Monzo decided to close Mr O's account and placed a fraud marker against Mr O's name with Cifas. This was for misuse of a facility in relation to retaining fraudulent funds.

Mr O complained to Monzo and asked them to remove the marker. Monzo reviewed everything including what Mr O had told them. After reviewing everything Monzo said it wasn't willing to remove the marker.

Unhappy with this response Mr O brought his complaint to our service. He told us that he had met an individual who I will refer to as D through social media. Mr O said that D lived a lavish lifestyle and wanted to know how he financed things. So, he approached D and D told him that he made money trading and could teach him. Mr O said that D asked him to provide his bank account details and soon after this around £1,000 appeared in his account.

Mr O said D then asked him to withdraw the money, which he did, and gave it to D. Mr O said when he met D to hand over the money, D was with a group of others. He said he felt intimidated by them and that they stole his Monzo bank card. And snatched his mobile phone. Mr O said D then did something using his mobile phone, before throwing it down on the floor. Mr O said he was able to recover his phone and hasn't seen D since the incident.

An investigator looked into Mr O's complaint and asked Monzo and Mr O for some more information about what had happened. Mr O told the investigator that he'd felt intimidated by

D and threatened so handed over the cash that was paid into his account. Mr O also said that he later discovered that D had opened mobile phone contracts in his name. He maintained that he didn't know anything about the fraudulent payments made into his account. And that he had been naïve.

After reviewing everything the investigator said that Monzo hadn't done anything wrong when it had recorded the marker against Mr O's name. So, they didn't uphold the complaint. Monzo agreed with what the investigator said. Mr O didn't. He wants the marker removed and said it is causing him a great deal of trouble and upset.

As no agreement could be reached 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.

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 her 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 or 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 a third -party bank to have originated from fraud. The bank reported that their customer, B, had fallen victim to a scam.

Monzo told Mr O that they had concerns about the payments that had been paid into his account by B. Monzo asked Mr O to send them evidence of where the funds had come from and proof that the money belonged him. In response Mr O told Monzo he'd received the money from a family member who was helping him pay his rent. He sent Monzo screenshots of conversations he said he'd had with the person who sent him the money.

Whilst I'm satisfied Monzo did provide Mr O with an opportunity to explain why she'd received the money from Mr O, I think it could have explored things a little further. With this in mind, I can see the investigator asked Mr O to provide any information he had about his entitlement to the money he received from B and what he did with it.

In response, Mr O said he hadn't sent Monzo the screen shots of the conversations and that he hadn't done anything wrong.

So, I need to consider whether based on all the information including the evidence Mr O has submitted to us, 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 the money Mr O received from B originated from fraud.
- Mr O was asked by Monzo and this service about the money he received from B. Mr O's testimony regarding the funds has changed over the course of the bank's investigation and our involvement in his complaint. Monzo gave Mr O the opportunity to explain where the funds came from, and the purpose of the transaction and he initially told the bank that the funds were from a family member who was helping him pay rent.
- Mr O's story changed when he brought his complaint to us. He told this service that he'd met D, who had asked to pay £1,000 into his account on the premise that he'd teach him how to trade and earn money. Mr O said that he withdrew the money and met D to give him the cash. Mr O said D then stole his Monzo bank card and carried out transactions using his mobile phone.
- Mr O then told the investigator that it wasn't him who Monzo had spoken to via its in-app chat facility. And that he hadn't provided the screen shots which said the money had come from his family to pay for his rent.
- I've considered what Mr O has said about the money she received from B. But I've also looked at the evidence Monzo has provided, and this paints a rather different picture to what Mr O has said about the funds.
- I say this because Monzo has provided technical evidence to show that immediately upon receiving the funds, Mr O sent three separate payments for £400, £450 and £60 to an individual with the same surname as himself which suggests this is a relative of Mr O's and another payment to a different family member. He then sent £250 to another account. All of the transactions were made using the trusted mobile device linked to the account.
- If, as Mr O has suggested, that the activity was carried out by D using his mobile phone, there's no plausible explanation why D (or any unknown third-party) would want to send money to Mr O's relatives. There would be no benefit for them to do this. It just doesn't make sense.
- The technical records show the device that was used to make the transfers on 16 August 2024, to Mr O's relatives, was registered by Mr O, after completing selfie identification on 6 August 2024. So, I'm satisfied that the device used to make the transfers belonged to Mr O and was registered for online banking with Monzo by him.
- I can also see that some of the fraudulent funds were withdrawn at an ATM – £250 and £50. This is again contrary to what Mr O has said happened – he said that he withdrew £1,000 and gave it to D. To carry out these transactions, Mr O's bank card and PIN would have been required. Mr O hasn't explained how an unknown third party would have become aware of his PIN in order to carry out these transactions. Monzo has also confirmed that Mr O hasn't reported his bank card as lost or stolen. So, I think it's more likely than not that the ATM withdrawals were carried out by Mr O.

- I think the speed at which the funds were moved and spent suggests Mr O was most likely expecting the payment from B. And benefitted from fraudulent funds.
- Mr O has said that it wasn't him who told Monzo that the money had originated from a relative who was helping him to pay his rent. However, the technical evidence shows that the conversation took place via Monzo's in-app chat facility using Mr O's trusted mobile device. So, I think it's more likely than not that it was Mr O communicating with Monzo. And not someone else as he has suggested.
- If Mr O had been the unwitting beneficiary of fraudulent funds, which is what he suggested when he this service he'd agreed to receive the funds 'to learn to trade' I would've expected him to alert Monzo at the time in order that his account could be safeguarded against fraud. But I haven't seen that he did so.
- There's also no plausible explanation for why Mr O would provide three very different explanations about the money he received. Overall, this, taken together with my concerns about how the money was spent, 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.
- I've considered what Mr O says about the impact the marker has had on him. But in my view, based on all the evidence, I think it's most likely he allowed his Monzo account to be used for receiving fraudulent funds. So, I'm not convinced Mr O is an innocent party. I think the evidence shows that Mr O was involved in a misuse of facility.

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. he has been unable to provide any corroborative evidence to support his testimony that he is an innocent party of the transfer of the funds and was unaware of their origins. I also find that the suspicious circumstances of the movement of the money, and conflicting 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. I'm satisfied had it done so, the marker would have achieved the burden of proof required. On this basis I didn't think it would be fair or reasonable to ask Monzo to remove the marker.

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 29 May 2025.

Sharon Kerrison
Ombudsman