

The complaint

Mr S 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 S had an account with Monzo. In August 2024, it was credited with a payment for £470 from a third-party, through a bank transfer. Mr S transferred the funds out of his account to an account he had elsewhere. 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 S had received the payment. He didn't see the message and following a review, it 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 later and 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, and he'd received money from a friend who needed cash, because they didn't have their card.

Monzo reviewed the information but didn't think it had made a mistake in the steps taken. Dissatisfied, Mr S 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 S had said and provided but they didn't find his explanation plausible, when looking at the other evidence. They noted Mr S had told Monzo that his friend needed cash and so that was what the payment was for, but the payment had come from a company (not his friend) and he'd said he'd paid the money to his/a friend's girlfriend after realising he didn't have his card either. However, his statements showed he'd sent the money to an account he had elsewhere.

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

Mr S said he wasn't concerned with his account being closed, but he wouldn't accept the outcome on the fraud marker. He maintained he'd not done anything wrong and could pay the money back.

When the investigator didn't change their mind, the case was put forward for a decision, as 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 investigator's opinion letter.

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'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'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 S'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 S. I appreciate Mr S may not have read the message, but Monzo considered what he had to say about it when he complained.

I've thought about everything Mr S has said about why he received the payment and what he then did with it but there's no supporting evidence of the arrangement he's detailed. He also told Monzo that he had sent the money to his/a friend's girlfriend, but his account statements show he sent it to himself with the reference 'car'. The funds were removed quickly and there's no reasonable explanation why the payment would need to therefore go through his Monzo account first, only to be sent to another account he held somewhere else. Thinking about everything and the account activity, I haven't found Mr S's version of events plausible.

I am sympathetic to the effect the marker is having, but 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 supporting evidence to demonstrate Mr S was entitled to them. 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 S 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 S to accept or reject my decision before 9 June 2025.

Sarita Taylor
Ombudsman