

## The complaint

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

Whilst he brings this complaint with the help of a representative, I will mostly refer to Mr F in this decision because this is his complaint.

## What happened

I issued my provisional decision on this complaint, explaining why I didn't intend to uphold it. I invited further comments and evidence from the parties before I finalised matters. Below is a copy of my provisional decision.

### Copy of provisional decision

*Mr F held an account with Monzo. In October 2022, he received two large payments from different third parties, through bank transfers.*

*Shortly afterwards, he withdrew the funds, paying them into an account he held with another bank. However, the bank from which the payments had come, notified Monzo its customers had reported fraud, so it restricted the account. Mr F contacted Monzo via its chat facility to understand why. Monzo said it had restricted the account temporarily and needed information on any large payments he had received and sent in the last few days. And it asked him to confirm whether the transactions were personal, or business related.*

*Mr F said he had received a couple of large payments from friends who owed him money and he'd sent the funds to his savings account. He also confirmed the money was for personal use, which he'd been owed for some time. Monzo said it would get back with an update shortly.*

*On 23 October, Monzo reached out to Mr F on the chat again, requesting supporting evidence to explain why he had received the two payments. However, when it didn't get a response, it closed the account and loaded a misuse of facility marker at Cifas, as it thought the activity on the account suggested he had been complicit in receiving fraudulent funds.*

*Mr F learned about the marker after he did a data subject access request (DSAR) to see what information was held about him. He complained to Monzo in January 2023, to say he had not done anything wrong. He said he'd sold some jackets and received money from a friend of a friend that he didn't know. However, Monzo didn't think it had made a mistake.*

*Mr F complained to Cifas. Cifas said it looked at whether the business placing the marker had enough information to make the filing and had done so accurately. And having considered what Mr F had provided, it hadn't found his explanation plausible. It concluded that the misuse of facility had been recorded correctly and wouldn't be removed. However, it added that the reason for the filing had been amended.*

*Mr F came to us because he didn't think Monzo had been transparent with him. He believed*

*he'd been treated poorly.*

*He set out what had happened:*

- *He had been selling vintage clothing online to earn money. A school friend, R (my anonymisation) was interested in purchasing this, so he gave him his Monzo details. R paid him £639.92 on 14 October 2022.*
- *Two days later, he had woken up to a call from a person, who refused to give him his name (other than say he could call him 'A'). A said he was a friend of R and he had paid £1,000 into his account. A added that he'd been having issues with his bank and wanted Mr F to help him, by withdrawing the money he'd sent and handing it to him in cash.*
- *Mr F says he was surprised how he'd got his details, however, he wanted to be helpful and so transferred £1,000 to his other account and withdrew the money from there, handing it to A.*
- *After this, he never saw or heard from A again.*
- *At the time, he'd seen Monzo had restricted his account and he'd got in touch with its customer services department but not got a response.*
- *He'd later done a DSAR and only then seen that Monzo had highlighted in a chat on 23 October, two payments that had come into his account, and it had requested evidence surrounding them.*
- *He explained that because he hadn't seen the messages, he hadn't replied. However, had the bank contacted him directly, he said he would have told Monzo about R and A.*
- *When this happened, he was 17 years old.*
- *The whole situation was having a detrimental effect on his day-to-day life, including his mental well-being.*

*One of our investigators reviewed the complaint but he didn't find Monzo's decision to apply the marker unfair. In coming to his conclusion, he took account of Mr F's testimony about what he'd told Monzo when it had first contacted him about the recent payments in and out of his account and what he'd said when making the complaint. He felt the testimony was inconsistent and some explanations weren't supported by contemporaneous and tangible evidence. Overall, he didn't find Mr F's explanation credible as to why funds had been paid into his account and believed the evidence Monzo had was enough to demonstrate he'd been complicit in receiving fraudulent funds.*

*Mr F disagreed with the assessment and set out his analysis of why he considered the outcome wrong. Amongst other things, he questioned how the first transfer could have been made, as the fraud report in relation to that, referred to a safe account scam. But the name on the payment wouldn't have matched his account details. He'd reiterated he hadn't seen Monzo's message on 23 October because his account had been disabled and it was a concern Monzo hadn't tried to call or text him either, yet it had closed the account within two days and made a filing at Cifas. He felt this was too quick and denied him the opportunity to defend himself.*

*He maintained he had sold some jackets and he'd be paid later. He still had some WhatsApp messages about the jackets, which he had given us. He said other key evidence was no longer available due to Monzo not investigating the matter properly at the beginning and it was now two years on.*

*He also pointed that the second report concerning the £1,000 payment called into question whether that was the result of fraud, because of what the reporting bank had later said about it. And he highlighted other cases we'd upheld which he believed were similar to his.*

*The investigator informed Mr F that the misuse of facility marker was due to come off in October 2024 due to his age at the time it was recorded.<sup>1</sup>*

*Mr F still wanted his case reviewed and when an agreement couldn't be reached on whether Monzo had been fair to record the fraud marker in the first place, the case was put forward for a decision.*

### ***What I've provisionally 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 understand that the misuse of facility marker should have come off by now. So, I will be looking at whether it was fair for Monzo to have filed it.*

*I'm aware Mr F has referenced other cases decided by our service, but I must make a decision based on the individual facts of each case, which is what I have done here. I'm sorry to disappoint him, 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. In order to file such a marker, it's not required to prove beyond reasonable doubt that Mr F 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 F's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr F 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 checks. 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 F's account and he was complicit. And I'm satisfied that it has. I'll explain why by addressing what I consider are the key points.*

*Monzo says it received two fraud reports from another bank - I've also reviewed these. I can also see that following the investigator's assessment there's been some debate about whether the second report concerning the £1,000 payment was fraud. However, it is the case that there was a first report about the payment of £639.92 and it being in relation to a reported scam. There's no indication this claim was retracted.*

*The customer's whose account was debited reported that they had been the victim of a*

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<sup>1</sup> Cifas updated its guidance to a two-year retention period instead, where the subject was 17 when the filing was made.

scam. The report references impersonation fraud.

*I've thought about what Mr F has said about why he was expecting to receive this payment. However, I don't find what he's said persuasive. It's of note that the payment that came in was from someone with a different name to R, yet Mr F and his friend both say that the funds were sent for the jackets by R.*

*I'm satisfied Mr F would have seen the payment hadn't come from R but someone with a completely different name, because he went into the account on 14 and 16 October to make transactions. First, he made a payment of £10 to himself, then later he transferred £630. However, at no time can I see he questioned why the details didn't match with R's. Considering this, I think it's highly likely Mr F knew the payment wasn't from R but in connection to something else.*

*Mr F has made the point about how if the first payment related to a safe account, why it credited his account. However, I don't see the relevance of this, as it was a faster payment to an account with his details and his whole testimony (including the screen shot he's provided of his communications with his friend) is that this was money from R for jackets that had been sold.*

*Mr F transferred the funds to himself at an account he held elsewhere – so he appears to have benefitted from fraudulent funds. Initially, he withdrew £10, before the remaining amount was withdrawn on 16 October. Monzo also had concerns over the account activity at the time, which I can see was as follows:*

- *Mr F transferred £1 from his bank account elsewhere into his Monzo account at 9:43am.*
- *Then three minutes later at 9:46am he withdrew the same £1.*
- *Four minutes after that at 9:49am he took out the £630 from the remaining payment he'd received.*
- *Then 12 minutes later at 10:01 he received £1,000.*
- *He withdrew £500 of that £1,000 within three minutes at 10:04*
- *And the remaining £500 at just gone midday.*

*The activity on the account was undertaken quickly and there is no reasonable explanation why Mr F could not have given R his other bank details, rather than those of Monzo if he intended to pay them into another account and why it needed to be paid into this account first.*

*I must reach a decision based on the evidence and I'm afraid I don't find what Mr F has said about why he received £639.92 plausible. It doesn't link to R and there was a fraud report about it. Thinking about this and the other evidence, I'm satisfied Monzo had enough information to justify recording the marker and closing the account. Monzo contacted Mr F initially as stated above, but I agree it should have tried again, when it got no response to its other messages. But of course, this isn't the end of the matter, because Monzo looked at what Mr F said and provided when he got in touch with his complaint, and it didn't believe it had made a mistake with the entry. It follows I'm not going to require Monzo to do anything more.*

### ***My provisional decision***

*My provisional decision is that I don't uphold this complaint.*

### **Responses**

Monzo didn't have anything further to add. Mr F responded through his representative to say that he didn't agree with the provisional decision. In summary, he said Monzo had purely relied on the fraud report it had received, not investigated things properly and been overzealous in taking the steps it had. He added that any fraud had been committed by the person sending the funds, and not him in receiving them. He explained that the whole situation had taken its toll both emotionally and financially.

The case was passed back after the deadline for responding to the provisional decision had passed.

### **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.

Having done so, I'm afraid there's nothing compelling within the responses that's altered my conclusions. The bank got a fraud report about money that ended up in Mr F's account so there was a concern about complicity. On this, Mr F maintains the funds were to do with clothing he'd sold, and he's provided screen shots from the person that he says paid him. But those details didn't match, and despite this, the funds were withdrawn and moved to another account he held elsewhere fairly quickly. There was also another payment in around the same time. I have already shared the account activity as it took place, which was undertaken by Mr F himself or with his involvement.

I note Mr F's representative has had enough of fighting the case and I'm sorry I couldn't uphold the complaint, but I have made my decision based on what I think the evidence points to. And after weighing everything, I've decided to adopt my provisional decision in full as part of this final decision because of the reasons I gave.

In closing, the marker has come off and hopefully the parties can try to move forwards with the end of this process, even if it is an answer that Mr F cannot accept.

### **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 F to accept or reject my decision before 20 May 2025.

Sarita Taylor  
**Ombudsman**