DRN-5547554

The complaint

Mr M 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

Mr M had an account with Monzo. In January 2025, it was credited with payments from a third-party, through bank transfers. Mr M sent this onto an acquaintance, however, the £60 payment was later reported as fraudulent.

Monzo restricted the account and requested information to support why he had received money. He said the funds were from a friend who owed him £60, and they were paying him back. Monzo asked Mr M why he'd sent the payment onto someone else. Mr M said he was settling a debt, covering a dinner bill this person had paid on his behalf and provided a chat transcript from WhatsApp.

However, Monzo wasn't satisfied and following a review it decided to file a misuse of facility marker at Cifas, as it believed Mr M had been complicit in receiving fraudulent funds. It also closed his account.

Mr M found out about the marker and complained 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 simply received money for a friend who was running a business and needed a favour. He said he knew nothing more than this. Monzo reviewed the information but didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr M came to us. In doing so, he said what had happened:

- He'd been unknowingly used as a money mule by a close friend. They'd asked him to allow small payments into his account which related to a personal matter, which he'd immediately transferred to their account, with no financial gain to themself. The total amount was £150 broken down into four payments and he'd sent these on as soon as they'd been received.
- Unfortunately, he didn't have direct evidence of the arrangement and was being honest about everything that had gone on.
- He'd had no reason to believe anything suspicious was happening at the time, and he'd acted out of trust and naivety. He later realised this was a mistake.
- He'd been suffering with his mental health since 2024 and didn't think Monzo had considered this when making its decision not to remove the marker, which was having a detrimental effect on his daily life.

One of our investigators looked at the case. They acknowledged what Mr M had said and provided but they didn't find his explanation plausible, when looking at the bank's records. They identified several inconsistencies; for example, Mr M had told Monzo different things and provided WhatsApp messages which appeared to have been fabricated. This to them suggested Mr M was aware the funds were fraudulent, as she couldn't see why else he would say different things and provide the messages he had. And she didn't find an error in

Monzo closing the account either.

Mr M didn't agree. He said he had been wrongly accused of being involved in fraud and his friend had told him to say the things he'd said. And what was actually going on, only came to light with the benefit of time.

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. This was put to Monzo and its position remains unchanged.

I'm sorry to disappoint Mr M 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 M 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 M's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr M was deliberately dishonest in receiving the fraudulent payments and knew it was, or might be, illegitimate payments. 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 M'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, saying that funds which entered Mr M's account was because of a fraud/scam. Looking at what was reported, I'm satisfied the bank was alerted to a possible scam and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Mr M was made aware of the payments Monzo was querying. He said this was money a friend owed him. But at no point did he mention the funds were to do with a friend requesting help. This shows Mr M wasn't telling the bank everything. I've considered Mr M's explanation for this, but the fact is he went as far as sending Monzo messages which weren't true. Monzo also picked up on this and felt it showed a level of awareness and complicity that the funds weren't legitimately obtained. Looking at this, I don't think the bank's position was unreasonable.

I’ve considered what Mr M has provided. However, the evidence doesn’t make a difference to the outcome given the points above.

I’m sympathetic to the effect the marker is having on Mr M, but I’m satisfied Monzo had enough information to support its actions, with the report it received, and the responses Mr M gave. 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 to read about Mr M’s health but I’m afraid this isn’t enough for me to reach a different outcome. I’m sorry this isn’t the answer he was hoping for, but it follows that I won’t be requiring Monzo to delete the marker or do anything with the old account. 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 M to accept or reject my decision before 18 August 2025.

Sarita Taylor
Ombudsman