

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.

In April 2024, Mr S's account with Monzo was credited with a payment for £100 from a third-party, through a bank transfer. He tried to transfer £98 of it to another person but it was declined because the payment was flagged for a review. The person that had sent the funds had also reported they'd been a victim of a scam.

Monzo restricted the account and requested information to support why Mr S had received the payment. Around the same time, he also spoke to Monzo to say that he needed to make the outgoing transfer. He said he was overseas working, and his family who were in a different country needed the funds to buy food. The agent said that the payment was unfortunately blocked, and it was investigating.

Mr S called Monzo back and said he'd tried to send money again but made a mistake with the amount and this had also been declined. He stated he needed to make the payment to his family for his daughter's birthday. The agent said Monzo had sent him a message which he needed to reply to, about why he'd received the payment and until it got that, his account remained restricted.

When Monzo didn't get enough information to satisfy itself why Mr S was entitled to the £100, it decided to close the account. At the same time, it also filed a misuse of facility marker at Cifas, as it believed he had been complicit in receiving fraudulent funds.

Mr S found out about the marker when some of his other accounts were closed. He complained to Monzo that he'd not done anything to cause this. He said a friend from Europe had sent him money because he hadn't been working, and many of his friends had helped him this way.

Monzo reviewed what Mr S had said, but didn't think it had made a mistake. Dissatisfied, he came to us. In doing so, he said what had happened:

- He hadn't committed fraud. A friend had sent him £100 as he wasn't working.

One of our investigators looked at the case. They acknowledged the information, but they didn't find the explanation plausible, when looking at the other evidence. They noted Mr S had told Monzo that a friend had sent him the funds, but he still didn't have any evidence to support this arrangement. She also noted several inconsistencies in what Mr S had said when speaking to Monzo about why he needed to make the payment. Weighing all of this, she thought Monzo had enough evidence to justify loading the marker and closing the account.

Mr S didn't agree. He shared some additional information, citing that an ex-girlfriend had someone send him the money and he was simply sending it on for her. He said he didn't know anything more than this and provided screen shots for the investigator to consider.

The investigator didn't change their mind, because they didn't think the information showed Mr S was entitled to the money that had been paid into his account. When an agreement couldn't be reached, the case was put forward for a decision, in line with 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, which was shared with Monzo. It didn't think this was enough to change its decision.

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 key points.

Monzo has provided evidence that it received a report, saying that funds which entered Mr S's account was because of a scam. Monzo needed to investigate the payment and so it reached out to Mr S. There was some communication between him and the bank at the time of the fraudulent payment and again when he complained. I've thought about everything he has said about why he received the funds. At first, he mentioned a friend helping him and recently he'd told our service that an ex-girlfriend was involved, and she'd arranged to have money sent to him for it to be sent on. These are different accounts and indicate Mr S knew more than he was willing to say. Monzo has thought about this but says it hasn't seen anything compelling to change its decision. And thinking about everything, I can understand why, as it's really difficult to find Mr S's testimony plausible, because he's said different

things.

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, and there being little or not enough persuasive evidence to demonstrate Mr S was entitled to receive the payment legitimately. 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 do anything more.

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 17 June 2025.

Sarita Taylor
Ombudsman