

The complaint

Miss R complains that Monzo Bank Ltd unfairly closed her account and loaded a Credit Industry Fraud Avoidance System (CIFAS) marker against her name. Miss R also complains that she received a poor level of service from Monzo.

What happened

Around July last year, Monzo reached out to Miss R, asking about funds that were paid into her account by a third party. After considering Miss R's explanation, the bank decided to close her account immediately. Miss R later found that Monzo had also loaded a CIFAS marker against her name. She's unhappy with Monzo's decision to do so – she says this has left her financially vulnerable, caused her anxiety and disrupted her daily affairs. Miss R also says she's been unable to obtain accounts with other banking providers, and she's experienced the closure of her other accounts because of the marker.

Seeking an explanation, Miss R filed a data subject access request (DSAR) so she could understand Monzo's reasons – which the bank has so far declined to share. After some exchange of emails as Monzo couldn't verify Miss R's I.D, the bank explained that it wouldn't be able to answer Miss R's questions about the marker, even when responding to the DSAR. Monzo pointed Miss R to approach CIFAS instead. Miss R is unhappy that Monzo didn't respond to the DSAR within the required timescale and ignored multiple chasers from her. Miss R says Monzo's delay in responding to the DSAR affected her ability to challenge the CIFAS marker.

Following the closure of her account, Miss R found that her account had gone into an unarranged overdraft of around £25. Monzo said that this was because it had to re-debit her account for funds it had refunded as part of a payment dispute. Monzo says the dispute had been unsuccessful. Miss R is unhappy that she wasn't properly notified of this, especially as she no longer had access to the banking app since her account had closed. She's also unhappy that Monzo emailed her chasing payment and suggested a default would be recorded against her – despite her making payment in October 2024. Miss R says this left her confused and distressed.

Monzo says it had been experiencing a systems issue, so Miss R's payment wasn't applied to her account until December.

Miss R wants Monzo to remove the CIFAS marker and pay her compensation. In response to the complaint, Monzo said it had reviewed the CIFAS loading and decided to retain it. The bank added that Miss R's DSAR was handled appropriately but noted that it had miscommunicated with her when she raised a further request – so it awarded her £25 compensation.

Remaining unhappy, Miss R asked this service to review her complaint. One of our investigators issued their outcome, concluding that Monzo had acted fairly. Miss R doesn't agree – she maintains that she hasn't been a party to fraud and feels the third party that sent her the funds has acted maliciously by filing a report. Miss R reiterates the hardship she says she's experienced because of the marker and suggests Monzo failed to complete

proper due diligence.

Given Miss R doesn't agree, the complaint has been passed to me for a final review.

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've decided not to uphold this complaint, and I'll explain why.

CIFAS marker and account closure

The marker that Monzo filed with CIFAS 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, Monzo isn't required to prove beyond reasonable doubt that Miss R is guilty of fraud or financial crime, but it 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 the bank must first be able to show that fraudulent funds have entered Miss R's account, whether they are retained or pass through the account.

Monzo will need to have strong evidence to show that Miss R 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 have given Miss R an opportunity to explain what was going on.

So, in order to decide whether Monzo acted fairly, I need determine whether it had enough evidence to meet the above standard of proof to load the CIFAS marker – I'm satisfied that it did.

I can see that Monzo initially contacted Miss R to understand why she received the payment in question and to establish her entitlement to the funds. At the time, Miss R responded that the payment was from an individual she didn't know personally, whom she asked to transfer funds to her in exchange for the cash equivalent. She says this took place in a café abroad and she urgently needed the funds to send to an associate.

Monzo enquired with Miss R why she attempted to transfer the funds to herself in the first instance – she explained she had a technical issue, and she had attempted to find the quickest way to pass the funds on to her associate. At the time, Miss R had no evidence to corroborate these events and indicated she had no personal connection with the sender of the funds.

Following her referral of this complaint to this service, Miss R offered a different version of events. She stands by her explanation that she needed to send the funds to another individual. However, Miss R now submits that the sender of the payment was a known associate who sent her the funds as a gift. She says this individual has acted maliciously in raising a report about this payment. Miss R says she has made attempts to contact this third party since, but with no success. She also doesn't have evidence to support this version of

events.

Given the differing testimony, I don't find Miss R's explanations to be plausible. Miss R says she was abroad at the time and was recovering from multiple medical procedures. So she wasn't in the right space to answer Monzo's questions accurately. I can understand it would have been challenging for her to do so. Miss R says she's now able to provide a clearer account.

But I'm not persuaded that this explains the significant differences in her testimony. I can see that Monzo provided Miss R with multiple opportunities to explain and evidence her entitlement to the funds, so I'm satisfied she had a reasonable opportunity to clarify her version of events. So, although I don't doubt her efforts in contacting the third party that sent her the payment, I'm not satisfied that Miss R has offered a reliable account for why she received the funds.

Moreover, Monzo has provided us with additional information as further reasoning for why it decided to load the CIFAS marker. The description of that information is it is of a commercially sensitive nature, and I'm satisfied it shows Monzo acted fairly.

It's generally for firms to decide whether to provide, or to continue to provide, banking facilities to any particular customer. Each firm has its own criteria and risk assessment for deciding whether to open or close accounts.

Providing an account to a customer is a commercial decision that a firm is entitled to take. Unless there's a good reason to do so, this service won't usually say that a firm must keep a customer. However, a firm should still make sure it hasn't exercised its discretion for plainly unfair reasons, or that it was due to a mistake, and it should still comply with its terms and conditions.

The terms and conditions that applied to Miss R's account set out that Monzo could close her account either by giving at least two months' notice, or in some circumstances it could close the account immediately, which is what happened here. Keeping in mind my findings regarding Monzo's loading of the CIFAS marker, I'm satisfied the bank acted fairly when it closed Miss R's account.

DSAR

I can see from the communications between Miss R and Monzo, that she filed a DSAR in September last year. As Miss R points out, Monzo had up to one month to respond – I can't see that Monzo formally responded to Miss R's DSAR. Miss R's purpose for filing the DSAR was to establish details of the CIFAS marker Monzo had loaded.

Looking at the exchange of emails between both parties, it seems Monzo initially had issues accessing the ID file Miss R had been sending. I can see though that Monzo emailed Miss R in September and later in November after she complained, explaining that the details Miss R seeks about the marker wouldn't be shared via a DSAR response. Like all firms that process consumer data, Monzo is exempt from sharing certain information when responding to a DSAR. As the only information Miss R had been seeking was in relation to the CIFAS marker – which Monzo couldn't provide more detail about – I'm satisfied it was reasonable that Monzo chose not to respond to the DSAR at all, given it wouldn't have satisfied Miss R's main query.

I understand Miss R's position, in that she required this information so that she could challenge the application of the CIFAS marker. However, Monzo explained that this is information it couldn't provide, and I'm satisfied Miss R would have been able to complain

about the marker, even without Monzo's records – which I note she's been able to do since. So I can't fairly conclude that Monzo prevented her from challenging its decision to load the marker.

Monzo awarded Miss R £25 compensation for failing to clearly communicate its position when she raised a further DSAR. Considering the circumstances and because I can't see that Miss R was caused significant detriment as a result, I think this amount is fair.

Unarranged overdraft

Looking at the communications between Miss R and Monzo, I'm satisfied the bank provided Miss R with a reasonable explanation for why her account had unexpectedly gone into an unarranged overdraft.

I can see from Miss R's account statement that £0.99 and £25 was debited in July and October. And Monzo contacted her in July and November seeking payment. Miss R says she made payment in October via an associate's account, and she's provided a third-party statement to confirm this. She's unhappy that Monzo continued to contact her about the overdraft and indicated it would apply a default if she failed to clear her overdraft balance.

I appreciate it would have been distressing for Miss R to see this, especially as she had already made payment. But I can see that, once she complained about this to Monzo, the bank responded – clarifying that a system error had prevented her payment being assigned to her account. Monzo reassured Miss R that it had paused further automated communications until late-December. The bank had also written to Miss R in October, confirming receipt of her payment and advising her of the problems it was experiencing allocating the payment to her account. So I'm satisfied the bank acted reasonably.

I can see from Miss R's statements that the payment was eventually applied on 17 December. Monzo says that it accepts responsibility for the delay in allocating the payment and has confirmed that no adverse information in relation to this issue has been recorded against Miss R's name. I also note that Monzo emailed Miss R in September, advising her that the funds from a recent unsuccessful dispute would be debited from her account. So I'm satisfied Miss R was made reasonably aware that her account balance would be affected.

Overall, I'm persuaded that Monzo had fair cause to record and maintain the CIFAS loading against Miss R's name, as well as close her account immediately. Although the bank didn't formally respond to Miss R's DSAR, I'm satisfied it appropriately addressed Miss R's query about the CIFAS information she intended to obtain. And, although I appreciate the unarranged overdraft was unexpected for Miss R and that she would have experienced some distress when reading Monzo's automated communications, I'm satisfied the bank took reasonable steps to keep Miss R updated. So I'm not asking Monzo to do anything regarding this complaint.

My final decision

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 9 January 2026.

Abdul Ali
Ombudsman