

The complaint

Miss R complains Monzo Bank Ltd recorded a marker against her at Cifas, a national fraud database and closed her account. She doesn't think it's treated her fairly.

What happened

A summary of what happened is below.

Miss R had an account with Monzo. In October 2024, it was credited with payments from a third-party, through bank transfers (£100 on 9th and £696 on 10th). Shortly afterwards, Miss R moved the funds to her Lloyds account. However, the payments were later reported as fraudulent as relating to a scam.

Monzo restricted the account and requested information to support why Miss R had received the payments. Miss R didn't respond and following a review Monzo decided to close the account. At the same time, it also filed a misuse of facility marker at Cifas, as it believed Miss R had been complicit in receiving fraudulent funds.

Miss R found out about the marker and complained that she'd not done anything to cause this. She said the marker was affecting her ability to get a bank account, and she'd simply received money from a friend to repay a debt. Monzo reviewed this and other information provided but didn't think it had made a mistake in the steps it had taken.

Dissatisfied, Miss R came to us. In doing so, she said what had happened:

- A friend she'd shared accommodation with back at home had owed her money for rent she'd paid on their behalf.
- Much later and when her friend's financial situation had improved, they'd said they would pay her back but that they would need to do this via an acquaintance rather than directly.
- She had no reason to question this, and when the money arrived, she transferred it to her Lloyds account for day-to-day expenses.
- The marker was having a detrimental effect on her.

One of our investigators looked at the case. They acknowledged what Miss R had said and provided but they didn't find her explanation plausible. They said they'd been through the available evidence and there wasn't anything within that which supported the funds were repayment of a debt or why they'd come from someone else. They also identified messages in the chat transcript between Miss R and her friend that were a concern. And they couldn't understand why Miss R couldn't have replied to Monzo when they'd first contacted her, unless she knew the payments weren't legitimate.

Miss R didn't agree. She felt the investigator had misunderstood the messages and she provided context. She added that when Monzo reached out, she'd been recovering from a foot injury, was preparing for her exams and dealing with housing and financial issues, all of which had occupied her. When the investigator didn't change their mind, the case was put forward for a decision in line with the second and final stage of our process. Miss R provided

some further submissions maintaining she hadn't been involved in anything fraudulent.

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.

I'm sorry to disappoint Miss R but I'm not upholding her 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 Miss R 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 Miss R's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Miss R was deliberately dishonest in receiving the fraudulent payments and knew they were, 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 Miss R's account and she 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 Miss R's account were because of a scam and these ended up in her account. 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.

Miss R was made aware of the payments Monzo was querying when it reached out to her on 16 October 2024. She later told Monzo this was money a friend had arranged to repay her. I've thought about what she said the payments were for, but I'm not convinced, and neither was Monzo. Whilst Miss R has provided evidence that suggests she had rented a property; there's no supporting evidence that the funds were specifically for this and that she should expect them to come from someone else.

I've also reviewed the chat transcripts Miss R provided. These suggest a lot more was going on than we've been led to believe. Miss R said the comment, "sister pray for me, so that I don't get caught" isn't an untypical thing to say and isn't suggestive of fraudulent involvement. But I don't find this persuasive when considering the chat in its entirety. The chat on the same day the second payment came in says, "share the payment" and then references the £696 stating, tell them this project is over and it's time for the next one.

I'm sympathetic to the effect the marker is having, but I'm satisfied Monzo had enough information to support its actions, looking at the account activity with the report it received,

and the lack of any direct evidence to prove the funds were repayment for rent and it had been arranged that these would come from someone else. It follows that I find the bank wasn't unfair in recording the marker or indeed in closing the account.

I'm sorry this isn't the outcome Miss R 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 Miss R to accept or reject my decision before 4 August 2025.

Sarita Taylor
Ombudsman