

The complaint

Mr F complains Monzo Bank Ltd unfairly closed his account and applied a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against his name.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr F held an account with Monzo, which was opened in October 2023.

On 6 August 2024 Mr F received two payments into his account – one for £600 and the other for £40. In October 2024 Monzo reached out to ask Mr F about the source of funds and his entitlement to them. Mr F said he received the funds on behalf of his flatmate who didn't have access to his own account, and the payment was from a relative for his upkeep as they are students.

Monzo reached out again the following day to Mr F, but as he provided limited information it issued Mr F with an immediate account closure letter. Monzo also loaded a CIFAS marker against Mr F for *'misuse of facility'*.

Mr F raised a complaint on 20 January 2025 regarding the closure of the account and application of a CIFAS marker by Monzo. Mr F said the marker was affecting his holdings with other banks, and he can't receive payments and sustain his life in the UK. As part of its review of his complaint Monzo gathered further evidence from Mr F about how he used his account. Mr F explained that he was assisting his flatmate, and he would receive money back from him in cash. Mr F also provided statements of the account funds were moved into, and that forwarding payments were made from and context regarding the individuals involved.

Monzo assessed the additional evidence and Mr F's testimony and maintained the loading. Its final response letter dated 28 February 2025 explained it had followed the correct process in adding the CIFAS loading, and it was unable to reopen the account or offer Mr F a new one. Mr F didn't think this was fair and referred the complaint to our service.

An Investigator looked into Mr F's complaint and gathered the relevant evidence. Mr F provided information about his entitlement to the funds – these included details he had shared with Monzo. In summary, Mr F said the funds were paid in as he was assisting his flat mate, and he wasn't involved in any fraudulent activity.

The Investigator didn't think the complaint should be upheld. The Investigator explained this was because:

- The loading of a CIFAS marker was fair and Monzo had provided evidence to show the standard of proof had been met.
- Mr F's testimony and evidence wasn't sufficient in explaining the account activity and his entitlement to the funds.

Mr F didn't accept the Investigator's findings and maintained he had been treated unfairly.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final decision.

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 appreciate Mr F was disappointed by the Investigator's opinion. I'd like to reassure Mr F that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo Bank has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr F, but I'd like to reassure him that I have considered everything that he's told us.

As a UK financial business, Monzo is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Monzo needs to restrict, or in some cases go as far as closing, customers' accounts.

As part of these regulatory duties, businesses will use databases to share information. CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Monzo is 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 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 such that the member could confidently report the conduct of the subject to the police.

What this means is that Monzo will need strong evidence to show that Mr F has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent

action. The application of a CIFAS marker can have serious consequences for an individual, so this service expects business to carry out a thorough review of the available evidence.

My role is to establish if Monzo has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Mr F. Monzo has provided this service with details of the investigation it carried out following the fraud report it received and Mr F's complaint. This included a detailed review of Mr F's account activity and testimony. At the time it loaded the marker against Mr F had provided some details – mainly that he was assisting his flat mate. The lack of supporting evidence to corroborate his comments means I think Monzo acted reasonably in loading the marker against Mr F based on the evidence it held.

However, when Mr F raised a complaint about the application of the marker a further review was carried out. At this stage Mr F submitted further details about the incoming payments. Mr F maintained that he was helping his flatmate but also added that he had just moved to the UK and his flatmate took his account details and he would take cash from him, and his flatmate would use the account to make transfers to his siblings. Mr F also explained that incoming payments were from the uncle of his flatmate, and when they come to the UK he could obtain cash from them. Mr F says he could also take the cash and then send funds from his account to other relatives in Ghana. I can see Monzo has asked for the exact name and details of the individuals Mr F has referred to, but these details haven't been forthcoming.

Monzo has highlighted its concerns with Mr F's testimony, and why it maintained its decision to upload a marker against Mr F. Based on the information I've seen I think this was the correct approach. I say this because Mr F's version of events at this stage didn't explain the fraud report received, and his testimony has been both unclear and inconsistent.

When Mr F referred the complaint to this service he reiterated his version of events. The Investigator didn't find this evidence persuasive. Mr F also provided his statements from a third-party bank. Within this there were transfers to his flatmate, and the Investigator correctly highlighted that this contradicts Mr F's comments that his flatmate didn't have access to an account. I also can't see why there are transfers to his flatmate, if Mr F was receiving cash. Mr F's flatmate also could've used his own account for his relative's transfers.

Overall Mr F's comments and the supporting evidence don't allay the concerns regarding fraud and clearly show he is entitled to the funds. My review of this information, alongside the submissions made by Monzo to this service has led me to the same view reached by the Investigator. The evidence available equates to more than mere suspicion or concern of fraudulent activity. I therefore find that the marker was loaded fairly. It also follows that Monzo's decision to immediately close Mr F's account was fair and in keeping with the account terms and conditions. Monzo has confirmed it will not reopen Mr F's account or provide him a new one, and in light of the CIFAS loading I consider this to be reasonable and in keeping with its discretion over who to offer services to.

I appreciate Mr F will be disappointed with my decision and I fully appreciate the impact the fraud marker is having on him. But I am satisfied Monzo acted reasonably in taking this action to discharge its regulatory obligations. I hope my decision provides some clarity around why I won't be asking Monzo to take any further action.

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 1 August 2025.

Chandni Green
Ombudsman