

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.

Mr S had an account with Monzo. In October 2024, it was credited with payments from a third-party, through bank transfers. However, the payments were later reported as fraudulent and relating to a scam.

Monzo restricted the account and requested information to support why Mr S had received the payments. He said the funds were from a friend to allow him to pay his rent. Monzo asked if he had any proof of this and he provided screen shots of WhatsApp messages detailing a conversation.

However, Monzo wasn't satisfied and following a review it decided to close the account. At the same time, it also filed a misuse of facility marker at Cifas, as it believed Mr S had been complicit in receiving fraudulent funds.

Mr S 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 from a friend to help him with his rent. Monzo reviewed the information but didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr S came to us. In doing so, he said what had happened:

- A friend he shared accommodation with had restrictions on their account and had asked if he could use his account to receive money.

One of our investigators looked at the case. They acknowledged what Mr S had said and provided but they didn't find his explanation plausible, when looking at the bank's records. They identified Mr S had told Monzo the funds were to pay his rent, but his testimony had changed to accepting money for someone else who had problems with their account. She thought this suggested Mr S was aware the funds were fraudulent, as she couldn't see why else he would say different things. And she didn't find an error in Monzo closing the account either.

Mr S didn't agree. He said he had been wrongly accused of being involved in fraud. He provided another WhatsApp exchange between him and a friend, in which they'd said Mr S had done them a favour and hadn't been involved in anything untoward.

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 also shared with Monzo for transparency. It said this didn't change its position.

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 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 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 salient points.

Monzo has provided evidence that it received a report, saying that funds which entered Mr S's account were because of a 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 S was made aware of the payments Monzo was querying. He said this was money a friend had loaned him to pay his rent. But at no point did he mention the funds were to do with a friend needing help due to their own account being restricted. This indicates Mr S wasn't telling the bank everything. Mr S says he was under pressure at the time, suggesting it was a mistake or something, but I don't agree as he went as far as sending Monzo messages which weren't true. Monzo also picked up on this and felt I showed a level of awareness and complicity that the funds weren't legitimately obtained. Looking at this, I don't think its position was unreasonable.

Moving on, I've considered the recent evidence Mr S has provided (we also shared this with Monzo). 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, but I'm satisfied Monzo had enough information to support its actions, with the report it received, and the responses Mr S 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 this isn't the outcome Mr S 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 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 29 July 2025.

Sarita Taylor
Ombudsman