DRN-5672548

The complaint

Miss P 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 P had an account with Monzo. In July 2024, it was credited with a payment from a third-party, through a bank transfer. The funds were spent shortly afterwards, however, the payment was later reported as fraudulent.

Monzo restricted the account and requested information to support why Miss P had received the payment. She said her brother had had the funds paid into her account and taken her bank card. Monzo reviewed the information alongside the fraud report but decided to file a misuse of facility marker at Cifas, as it believed Miss P had been complicit in receiving fraudulent funds. It also closed the account.

Miss P later found out about the marker and complained that she'd not done anything to cause this. She said the person that had been using her account was her ex-partner behind her back and without her knowledge. Monzo considered this information but didn't think it had made a mistake when also considering everything it had.

Dissatisfied, Miss P contacted us. In doing so, she said what had happened:

- When she'd initially spoken to the bank, she was going through an extremely difficult personal situation and struggling emotionally. This took its toll, on top of long-standing issues with anxiety and depression. So, she wasn't in a clear mental state to handle the situation.
- She didn't have her card when the activity took place.
- She didn't know the person that had sent the funds, and she wasn't the one spending them.
- Because of her state of mind, confusion had arisen in the initial call.
- She'd heard her ex-partner talking about insurance and as Cifas's record referenced an insurance policy, she believed he was the one that had the funds paid in.
- He also had access to her bank account through her device and her card.
- She wasn't involved in what had happened and had reported the matter to the Police.
- The situation was making her ill.

One of our investigators looked at the case. She acknowledged what Miss P had said and provided but she didn't find her explanation plausible, when looking at the bank's records. She identified some inconsistencies; for example, she'd initially told Monzo that the payment involved her brother but had later said it was her ex-partner. She didn't think Miss P could have been confused.

She also considered Miss P's testimony about her ex-partner having access to her banking app on the phone, as this had been used for one of the outgoing payments, but she couldn't see how this was possible without her knowledge. And there wasn't any direct evidence to show third-party access on the account. Overall, she thought the facts supported Miss P had been involved in receiving and benefiting from fraudulent funds and so she felt both the marker and the bank's decision to close the account were correct.

Miss P didn't agree. She maintained she wasn't involved, and aspects of her case had been misrepresented by the investigator. She clarified there was only one mobile device connected to her account, hers, which her ex-partner would take from her, and must have used to access her account along with her card.

When the investigator didn't change her mind, the case was put forward for a decision, in line with 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.

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 (it does not relate to an insurance policy; that's simply the standard wording that's inserted). To file such a marker, it's not required to prove beyond reasonable doubt that Miss P 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 P's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Miss P 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 Miss P'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 P's account was because of a fraud/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.

Miss P was made aware of the payment Monzo was querying but she says confusion arose because she was struggling with her mental health at the time. I recognise she was unwell but I'm afraid I'm not persuaded the evidence shows there was confusion or a misunderstanding when communicating. I say this because, I've seen a copy of the message Monzo sent. It stated who the payment was from, the date and amount. I've also listened to a recording of the call when Miss P spoke with Monzo about this. In relation to the payment, she says she knows what the query relates to. She says her brother had funds paid into the account without her knowing and had taken her card. She goes on to tell Monzo that she's spoken with him about the situation. Monzo asks how she's done that, and she confirms it was a verbal conversation with him. Monzo also asks if she's got the card back and she says, "I have got the card back now".

I've thought about all of this, and in my view, the response is a clear account and precise. If Miss P had indeed spoken with her brother as she told Monzo she had, about the situation, then presumably he'd have said this had nothing to do with him and he wouldn't have had her card either. This indicates the information given to Monzo wasn't what had happened, and Miss P knew more about the activity than she was willing to say – I'll say more about this below.

When Miss P complained, she told Monzo that the activity was to do with her ex-partner. Monzo considered this but believed she knew the payment wasn't legitimate, particularly considering the different accounts she'd given and its evidence that a transaction had been done using her app and device. All things considered, I understand Monzo's position, particularly given the different explanations and the fact that there isn't any direct evidence to support the account was used by a third-party without her knowledge.

Ultimately, I must decide the case based on the evidence and what weight to put on it. Whilst I note the matter has been reported to the police, I'm also satisfied Monzo had enough information to support its actions, with the report it received, the account activity and the responses Miss P gave. Based on the evidence, I don't think it was unfair of it to record the marker or close the account (there's provision for that within the account agreement). It follows that I won't be requiring the bank to do more.

I'm sorry to hear about the difficulties Miss P has told us about and I hope she has support. But I'm afraid this isn't a basis for me to tell Monzo to remove the marker.

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 P to accept or reject my decision before 27 August 2025.

Sarita Taylor
Ombudsman