

The complaint

Mr O complains that Monzo Bank Ltd blocked and then closed his account with it, and that it placed a fraud marker with CIFAS, the UK's main fraud alert and prevention service.

What happened

Mr O received a number of payments into his Monzo account in March 2024. Monzo was contacted by another bank, which said that its customer had alleged they were a victim of a scam. The funds involved had been traced to Mr O's account.

Monzo asked Mr O about the payments. He said they related to the sale of some machinery. He provided screenshots of conversations he had had with the sender of the payments, but Monzo did not believe they showed what the payments were for.

Monzo closed Mr O's account with immediate effect and registered a CIFAS marker against his name.

Mr O complained about what Monzo had done. He said that, as a result of the CIFAS marker, two other banks had closed his accounts. And the effect of that was that he was unable to complete a property purchase and lost more than £20,000.

Monzo said that it had acted in line with its account terms and had properly followed its processes. Mr O referred the matter to this service.

Our investigator was satisfied that Monzo had acted fairly. It was reasonable for Monzo to have taken the view that there was evidence of financial fraud and to have taken the steps it did. Mr O did not accept the investigator's assessment and asked that an ombudsman review the case.

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 reached the same conclusions as the investigator did, and for similar reasons.

Banks can generally decide whether or not to provide or to continue to provide services to any customer, and we won't generally intervene in such decisions – as long as they are not taken for illegitimate reasons. I am satisfied that Monzo's decision to close Mr O's account in this case was a legitimate one.

Banks should however give reasonable notice before closing an account. What is reasonable depends on the circumstances, and two months is generally seen as reasonable for a personal account. But a shorter notice period will sometimes be appropriate, and I note that the account terms set out when that might be the case. In my view, it was reasonable of Monzo to close Mr O's account without notice in this case, and it follows that Monzo acted fairly.

I turn now to the CIFAS marker. As the investigator noted, a bank should have persuasive evidence before registering a CIFAS marker. In this case, Mr O was unable to support his explanation for the receipt of funds with evidence. And he subsequently said the payments he received were for foodstuffs (not machinery), which he sought to evidence with invoices from self-storage facilities. His explanations of what happened have therefore been unconvincing and inconsistent.

In the circumstances, I am satisfied that Monzo was justified in acting as it did and believe it has treated Mr O fairly.

My final decision

For these reasons, my final decision is that I do not uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 4 August 2025.

Mike Ingram
Ombudsman