

The complaint

Mr A complains Monzo Bank Ltd recorded a marker against him on a fraud database and closed his account. He doesn't think it's treated him fairly.

What happened

Mr A held an account with Monzo. On 10 February 2024, he received £70 from a third party, through a bank transfer. The funds were utilised by him shortly afterwards. However, the incoming payment was later reported as being the result of a scam.

Mr A's bank restricted the account and contacted him to understand why he'd received the payment. He sent them a screen shot of the transaction. However, without anything further, Monzo didn't think this was satisfactory and decided to file a fraud marker at Cifas as it believed he'd been complicit in receiving fraudulent funds. It also closed the account.

Mr A contacted Monzo in September 2024, saying he'd not done anything wrong – he said the money was a loan from a friend which he'd found out was via someone they knew and there was a misunderstanding between them. He submitted how the marker was having a detrimental effect on his wellbeing. Monzo asked Mr A for evidence to show why he had been entitled to the payment; he said he didn't know the person that had sent it, and this was all to do with his friend. However, Monzo didn't think this was enough to refute the allegation of fraud or demonstrate he'd genuinely been entitled to the payment.

Mr A contacted us, to see if we could help. He reiterated he'd not had any involvement in the transaction beyond asking for a loan. He provided WhatsApp messages of a conversation that he said he'd had with his friend, asking to borrow money and highlighted the payment into his account contained the reference 'friends'.

One of our investigators looked at the available evidence but didn't think Monzo had made a mistake in the steps it had taken. She acknowledged what he had said and provided but didn't find Mr A's testimony persuasive when looking at the other available evidence.

Mr A didn't agree – he maintained he hadn't done anything wrong and was a victim himself. When the investigator didn't change her mind, the case was put forward for a 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.

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 A 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 A's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr A was deliberately dishonest in receiving the payment and knew it was, or might be, illegitimate. 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 A'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 A's account was because of a scam. Looking at what was reported, I'm satisfied the bank was alerted to a fraud and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Mr A told Monzo that the payment was for a loan he'd requested, and he was not involved in the actual third party paying him. I've thought about this, but I haven't found Monzo's position unreasonable, when looking at the evidence it gathered as part of its investigation into the allegation of fraud. I've examined specific details connected to the reported payment, shared with us in confidence¹. I have reviewed this impartially and objectively along with everything else, as I'm required to do and I can see why Monzo held concerns it did.

It's also of note that Mr A's WhatsApp messages aren't dated, so there's nothing to say the conversation took place at the relevant time. But in any event, the timings of them don't align with the timings of when the payment entered the account. There are also other inconsistencies in Mr A's evidence to Monzo that he didn't know the payment would be sent through a third party to him by his friend, compared to what the WhatsApp messages say. These state, *"I've just got someone to help me send you"* and *"I will tell as someone to send it to your account soon"*.

Ultimately, my role is to look at what both sides have said and provided and evaluate the strength of the evidence that exists. Here, whilst Mr A has tried to explain the payment with some information, I'm afraid this isn't enough to refute his account was used to receive and benefit from fraudulent funds and he was aware these had been illegitimately obtained. Overall, I'm satisfied the evidence Monzo had is robust, and when considering what's been provided latterly.

I'm sorry to hear about the difficulties Mr A is experiencing - I hope he's able to get support. But in conclusion, I'm satisfied Monzo had enough information to support the marker and close the account (there's provision for this within the account agreement). It follows that, I won't be requiring Monzo to take any action to resolve this complaint and my decision

¹ Where there are sensitivities surrounding evidence supplied in confidence, I have to balance expectations with the impact sharing information might have on our ability to receive and consider evidence provided in confidence. Our rules (DISP 3.5.9(2)R) allow me to do this.

completes our review.

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 A to accept or reject my decision before 17 October 2025.

Sarita Taylor
Ombudsman