

The complaint

Mr I has complained that Monzo Bank Ltd registered a fraud marker against him.

What happened

In June 2024, Mr I received a £100 payment, which was reported to have come from fraud. Monzo questioned Mr I about this and chased him. Mr I repeatedly looked at his app but didn't reply. After over two weeks of getting no reply, Monzo registered a fraud marker against Mr I. They also closed his account.

About a month later, Mr I found the marker and complained. He said he ran a registered clothing business, and that's what he had this account for. He said the sender of the £100 was a customer making a purchase. He said he'd directed the sender to his business' website, but they wanted to pay him directly. He said he'd lied to Monzo about the sender being his friend because that's what the sender had told him to say. He said the money didn't arrive, then his account was closed and the sender blocked him. He offered to provide all the relevant communication and documents to evidence this attempted sale. Shortly after, Mr I said the evidence had been deleted when he changed his phone the previous year.

Our Investigator upheld the complaint, as they felt Mr I's testimony had been reliable, and they felt Monzo should've got more evidence from the sender, who was not their customer. Monzo didn't agree, so the complaint's been passed to me to decide.

I sent Mr I and Monzo a provisional decision on 2 July 2025, to explain why I didn't think the complaint should be upheld. In that decision, I said:

In order to register this marker, Monzo were not required to prove beyond all reasonable doubt that Mr I had done something wrong. They did need to have reasonable grounds to believe that he'd misused his account, which went beyond a suspicion or concern, and which had appropriate supporting evidence. Having carefully considered everything that both sides have said and provided so far, I currently think Monzo did have sufficient grounds to register this marker, and that it should remain for its full term. I'll explain why.

Monzo received an official report of fraud from another institution through the proper channel. This detailed that the money Mr I had received came from someone who was defrauded into paying him.

Now this, on its own, was not enough to justify a fraud marker. But it was reasonable for Monzo to treat it as a cause for concern and start investigating things with Mr I. They were not required to probe the alleged victim for further evidence, as our Investigator suggested; and the payment came from an account at another bank, not another Monzo account, which would rather limit their ability to look into the sender.

As I mentioned, Monzo couldn't just rely solely on the fraud report, and needed to look into things and try to get information from Mr I first. But I can see that they did so.

From what Monzo could see, the activity on the account was consistent with fraudulent use. When the reported funds came in, Mr I quickly sent the bulk of it on internationally, while the rest helped pay off his outstanding debt. Mr I appears to have benefitted from the reported fraud. His recent account activity had essentially just been receiving funds from third parties and forwarding them on, often internationally, with seemingly no regular income like a salary, and no normal day-to-day spend. The activity was in keeping with that of a money mule or an account involved in fraud.

Monzo asked Mr I about the reported fraud, and chased him for a response. According to the technical data, Mr I opened his Monzo app very frequently during the weeks where Monzo were investigating, and it appears he read their messages. Yet he didn't answer Monzo's questions at the time, even when they closed his account. It doesn't seem likely or plausible that he'd avoid answering if the activity were legitimate, especially since he supposedly needed this account for his business. And it meant that Monzo had an official fraud report against a customer whose activity was suspect and who was choosing not to provide any evidence they were entitled to the money.

As such, based on what Monzo knew at the time, it seems reasonable that they closed the account and registered the fraud marker against Mr I.

Mr I has now provided further testimony, and some evidence that he registered a business in a foreign country. However, even in light of his later submissions, I still currently think that the marker should remain for its full term. I'll explain why.

While Mr I has shown that he registered a business, he has fundamentally not substantiated that this £100 credit bore any relation to his business, or that it came from any genuine sale. Yet if the payment had really come from the online sale of goods for his legitimate business, this would've been very straightforward to evidence. For example, Mr I could've provided things like his business' record of the sale, proof of posting the goods, and communications with the buyer. But he's provided no evidence to substantiate his testimony at all.

Mr I now says he lost all his communication with the buyer when he changed phone last year. Monzo's technical data shows that he did change device about a year prior to the complaint, but that was months before receiving the reported funds, which couldn't have caused these messages to be deleted. And the messaging app he said he used normally backs up messages, so he should've been able to recover them or transfer them to a new device anyway. Further, if this were really a legitimate business, it should've had records of its sales, for purposes like tax, audits, inventory and such, and evidence of sending the goods. Mr I countered by saying he never actually fulfilled the sale or sent the goods because he never received the £100. But that's simply not true. Mr I did receive the £100, and he knew he did as he sent most of it on. So his reasoning there implies that he took and spent a customer's money then withheld the goods paid for, which would still be activity for which he could have a fraud marker put against him anyway.

Under our rules, I'm allowed to draw negative inferences from a party's failure to provide the evidence we ask of them. I find that, given how straightforward it should've been for Mr I to substantiate the alleged sale, it markedly undermines his testimony that he's provided no hard evidence of the alleged sale whatsoever.

There are other factors which undermine Mr I's testimony as well. I won't list them all, but examples include:

- Mr I claimed he referred the sender to his business' website for the sale. He gave Monzo and our service the website address. But the website in question wasn't created until several months after this alleged sale.*
- Mr I said he had this account for his business and had made over £30,000 of business transactions without prior issue. But this account was opened in 2022, whereas his business wasn't registered until 2024. Further, this was a personal account, not a business account. And Mr I never mentioned his business in any prior contact with Monzo. Indeed, shortly before the alleged fraud, Mr I was discussing his income and expenditure with Monzo, and he said he was a part-time shift employee, employed by someone else. He didn't mention being a self-employed business owner or having any business income whatsoever. So I'm not satisfied that his account activity was related to his business, let alone the payment in dispute.*
- This business was apparently located in the UK, traded in the UK, and took payment in UK pounds to Mr I's UK account. But it wasn't a registered UK business, and was only registered in name in Nigeria. Its website used a template with notable oddities such as listing the address of a Norwegian company as its own, listing office hours in American time zones, using "lorem ipsum" placeholder text for key information, and so on. I'm not convinced that this was a legitimate business.*
- Mr I said he initially told Monzo at the time that the sender was his friend, because that's what the sender told him to say. But he didn't reply to Monzo at all at the time, let alone tell them the sender was his friend. This is doubly odd as Mr I has not only provided untrue testimony here, but testified to misleading his bank, or being willing to mislead his bank on an online stranger's behalf for seemingly no good reason.*
- Mr I said he had the relevant communications and documents to evidence the alleged sale, and would provide them. Then not long after, he said the evidence had actually all been deleted quite some time prior, despite the fact that – as I noted above – it should've still been available or in his business' records.*

With the above in mind, along with Mr I's lack of substantiating evidence, I don't think I can reasonably treat his testimony as reliable.

In summary, Mr I received, benefitted from, and forwarded on funds which were reported as fraudulent. His account activity was in keeping with fraudulent use, and he chose not to co-operate with Monzo's investigation when he'd have no good reason to avoid them if his activity were legitimate. His testimony has been implausible or unreliable, and he's provided no evidence to substantiate it or to show his entitlement to the reported funds, even when such evidence would've been straightforward to provide, and even when he'd previously confirmed he had the evidence ready.

As such, I currently find that it was fair for Monzo to register this fraud marker, and for it to remain. It follows that I also think that it was fair for Monzo to close Mr I's account, which they were allowed to do in situations like this. This is a difficult message for me to give, and I know it's a difficult message for Mr I to receive. But given the evidence I have so far and the balance of probabilities, I'm currently unable to reasonably reach any other conclusion.

Finally, I understand that Monzo didn't communicate the account closure in the proper way, for which they offered Mr I £100 compensation. I find that offer to be fair.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 16 July 2025. Monzo had nothing further to add, and Mr I didn't reply.

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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

My final decision

I find that Monzo Bank Ltd acted fairly in registering this fraud marker, and that they've made a fair offer for the communication issue. They should pay Mr I the £100 compensation offered, if they've not done so already. I do not make any further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 14 August 2025.

Adam Charles
Ombudsman