

The complaint

Mr O complains Monzo Bank Ltd recorded a marker against him on a fraud database. He doesn't think it's treated him fairly.

What happened

Mr O opened an account with Monzo in February 2025. The following month he received a payment of £300 from a third party, through a bank transfer. The funds were withdrawn straight away. However, the incoming payment was later reported as fraudulent to Monzo.

Monzo restricted the account and requested information to support why Mr O had received the payment and was entitled to the funds. In response, he said, the money had come from a friend of a friend to send money to Nigeria to his family. Monzo requested some further information and received some screen shots of a conversation between Mr O and his friend, but it didn't find the explanation satisfactory, especially in light of the fraud report. Monzo decided to record a marker at Cifas, as it believed he had been complicit in receiving fraudulent funds.

Mr O found out about the marker and complained to Monzo that he'd not done anything to cause this. He said he'd been contacted by someone in Nigeria who asked him to help them receive money into his account. He believed this to be a genuine request and thought he was simply helping someone in need. He was 19 at the time and completely unaware that he was being involved in fraudulent activity.

Monzo reviewed the information but didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr O contacted us to challenge the decision. He said the fraud marker was affecting him both personally and financially and Monzo had refused to remove it, even after he'd told it that he'd not done anything wrong.

One of our investigators gathered information. She acknowledged what Mr O had said but believed what he'd told the bank and us, suggested he knew he was involved in something illegitimate at the time and yet his actions had facilitated the payment of funds into and out of his account. Looking at this and when the account with Monzo had been opened (only a few weeks before), and the fact that Mr O had another account elsewhere, she thought it was more likely than not that he had been complicit in receiving fraudulent funds and Monzo had met the bar for loading the fraud marker.

Mr O said that he fully accepted that he had made a mistake in trusting someone he shouldn't have and by not asking enough questions. However, at the time, he was young, under pressure, and did not fully understand the seriousness of the situation. He submitted that he'd been misled by someone he thought he could trust and there hadn't been any criminal intent by him. He didn't think the marker was proportionate to the circumstances and provided a screen shot, which he felt showed he didn't know what was going on.

The investigator didn't think this was enough to change the outcome.

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.

I'm sorry to disappoint Mr O but I'm not upholding his complaint, and I'll explain why. 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 O 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 the business must first be able to show that fraudulent funds have entered Mr O's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr O was deliberately dishonest in receiving the fraudulent payments and knew they were, 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 business 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 O'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 O's account was because of a fraud. Looking at what was reported, I'm satisfied Monzo had reasonable evidence of fraud and needed to make enquiries to meet its regulatory obligations to investigate such matters. Monzo contacted Mr O to ask him to explain why he'd received the payment. So, he was given a fair opportunity to provide supporting evidence.

Mr O says that he believed the request he'd received from his friend was genuine and he was simply helping them but if this was the case, I don't see why the funds didn't go through an account he already had elsewhere. Monzo says its account had been opened only a few weeks before the disputed payment and this then went in and out of the account quickly, suggesting it was opened for this purpose. Mr O mentions testing the account, but I don't see why he'd need to do that if he understood this to be legitimate activity, and he's also said he would be paid, so he would acquire a financial benefit, which I think is unusual if this was just a simple favour.

There are aspects of Mr O's testimony where he's regretful about his involvement and whilst he may not have fully appreciated the consequences for him in terms of a Cifas marker, this isn't the same as saying he didn't know the payment was illegitimate. I've seen the screen shots (as has Monzo) but there isn't enough within the exchanges to show why at the time, the funds needed to go into his account in the way that he's described and understood to be the situation. The information also raises questions about when exactly these are dated.

Ultimately, I must look at the available evidence and decide if I think Monzo has enough information to support its actions, with the report it received, the account activity and the responses Mr O gave. It follows that I don't find its actions were unfair to record the marker, maintain it and close the account (for completeness there's provision for that in the account terms). All things considered, I won't be requiring any further action to be taken to resolve this complaint.

I'm sorry to give Mr O disappointing news but after weighing everything, these are my conclusions, and this decision completes our review of the complaint.

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 O to accept or reject my decision before 2 February 2026.

Sarita Taylor
Ombudsman