

## **The complaint**

Mr E 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 E received several thousands of pounds in payments through bank transfers into his account at Monzo from a third party in February 2025. He sent the funds to an account he held elsewhere. However, the payments were reported to Monzo by another bank as being the result of a scam.

Monzo restricted the account and requested information to support why Mr E had been entitled to the funds. He said the funds had been sent from someone he knew, so that he could pay their family on their behalf, using the Lemfi App. However, Monzo had concerns about the information given the report it had received. So, it filed a misuse of facility marker at Cifas, as it believed Mr E had been complicit in receiving fraudulent funds. It also closed the account. Mr E found out about the marker and complained that he'd not done anything to cause this.

He said, the activity had come about because he had helped acquaintances that weren't savvy in using the Lemfi App and none of this was fraudulent. Monzo reviewed this along with other information Mr E had provided, but it didn't think it had made a mistake. Dissatisfied, Mr E contacted us and said the marker was affecting him financially and personally day to day and he wished to challenge the bank's decision.

One of our investigators reviewed the case and gathered some information. Mr E provided screen shots of conversations with the people he said were involved. One of the screen shots was from the person Mr E said was the sender of the payments. In the conversation they said that they had sent money for legitimate purposes to Mr E and the activity had been lawful and for purposes known to them. The investigator acknowledged what Mr E had said and provided but noted the screen shots were undated and she considered the fraud report was still compelling.

Mr E disagreed with the outcome and again referred to the sender's statement. He maintained he'd helped people he knew and given evidence to Monzo to show that there hadn't been anything illegal about this. The investigator noted Mr E had shared information suggesting the sender of the funds had stated they've not reported any fraud, but if this was the case, they'd need to contact their bank. However, as things stood, she hadn't seen enough to change her view.

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 E 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 E's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr E 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 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 E's account and he was complicit. And I'm satisfied that it has. I'll explain why by addressing what I consider are the material points.

Mr E doesn't believe there was a report of fraud, however, Monzo has provided evidence that it received a report, saying that funds which entered Mr E's account was because of a scam. I've examined the report, and I'm satisfied the bank had reasonable evidence of a fraud and needed to make enquiries to meet its regulatory obligations to investigate such matters. I won't be sharing this information with Mr E because where there are sensitivities surrounding evidence supplied in confidence, I have to balance Mr E's 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. Though, I'd like to assure him that I have reviewed this evidence impartially and objectively as my role requires.

Monzo asked Mr E to explain why he'd received the payments, so I'm satisfied that he was given a fair opportunity to explain his side. The response it got back was that the money was from his acquaintance to pay family. However, this didn't align with the fraud report and Monzo decided to record the fraud marker. It also decided to retain it, after reviewing the case following Mr E's complaint and further information.

I've looked at the circumstances, and I don't find Monzo's position unreasonable. Mr E says the sender's statement is proof that they haven't raised a fraud claim with their bank and the payments were lawfully remitted. But as mentioned above, the fraud report that was made to Monzo gives details of a scam suggesting something quite different and where the funds ended up in his account and were immediately withdrawn by Mr E and paid into another account he held elsewhere.

I've not seen anything from Monzo that the fraud claim has been withdrawn and whilst I've seen the screenshots Mr E has provided, these aren't persuasive.

Overall, the circumstances and activity as they stand suggest he's been complicit in receiving fraudulent funds and the evidence Monzo currently holds is robust. As part of my role, I must look at what both sides have provided and consider the weight of the evidence. Here, although Mr E has attempted to explain things, I'm satisfied Monzo had enough information to support its actions that it believed Mr E had been complicit in receiving

illegitimate funds, with the report it received, the account activity, and the lack of persuasive information from him. It follows that I don't find recording the marker and closing the account was unfair (there's provision for that in the account agreement).

I understand how important this matter is to Mr E and I hope he's able to access support, but I must also look at the evidence objectively and these are my conclusions based on the available evidence.

### **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 E to accept or reject my decision before 13 January 2026.

Sarita Taylor  
**Ombudsman**