

The complaint

Mr M complains Monzo Bank Ltd unfairly closed his account and wrongly applied a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against his name.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr M held a Monzo account which was opened in December 2022. On 16 January 2025 Monzo issued a notice to close due to a fraud report. The account closed on 20 January 2025. Monzo loaded a CIFAS marker against Mr M at this time due to the report received.

Mr M raised a formal complaint about the closure of his account and application of the CIFAS marker. In its final response letter dated 30 January 2025 Monzo maintained its position and said it had acted fairly.

On 21 February 2025 Monzo removed the marker – it informed Mr M that the necessary evidential requirements hadn't been met. It apologised for this and offered £150 for the poor service he had received. Monzo maintained the account closure was fair. Mr M didn't think this was fair and referred the complaint to our service.

An Investigator looked into Mr M's complaint and gathered the relevant evidence. This included whether the closure of the account was fair and if the £150 compensation was sufficient. In his referral Mr M detailed the impact having the marker against him had – other accounts were closed down, and he was unable to open new accounts. Mr M explained the impact was far reaching – causing him both financial and mental distress.

The Investigator reviewed Mr M's complaint and made the following findings:

- Monzo acted fairly in restricting the account and closing it without notice. This was due to fraud reports that had been received.
- Monzo recorded a CIFAS marker incorrectly for one month.
- Although Mr M has detailed the impact the marker had on him, he hasn't responded to request for more information. So further compensation is not necessary.

Mr M didn't accept the Investigator's findings and maintained he had been treated unfairly and that the compensation should be £15,000. As no agreement could be reached the complaint was referred to me – an ombudsman – for a final 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 appreciate Mr M was disappointed by the Investigator's opinion. I'd like to reassure Mr M that I've considered the whole file and what's he's said. But I'll concentrate my comments on

what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

Account closure

Monzo is strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. In Mr M's case Monzo received fraud reports about incoming payments into his account. It therefore restricted and then closed the account immediately.

I must highlight Monzo is entitled to close an account just as a customer may close an account with it. It is not in my remit to say what policies or risk appetite Monzo should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Monzo and Mr M had to comply with, say that it can close the accounts by giving him two months' notice. And in certain circumstances it can close an account immediately or with less notice. Monzo closed Mr M's account with immediate effect. In light of the fraud reports and the account terms, I consider immediate closure to be appropriate. So I don't consider Monzo's actions when it reviewed and closed the account to be unfair, and I won't be asking it to review this decision or provide Mr M with another account.

CIFAS marker

Monzo says it applied the CIFAS marker to Mr M incorrectly, and it was in place for one month before it reviewed its decision and removed it. I will therefore not be considering the initial decision to apply the marker and the factors it considered when it removed it. Instead, my focus will be on the issues Mr M has now raised – specifically the impact having the marker against his name for one month had.

The application of a CIFAS marker can have serious implications, and in Mr M's case I can see he has provided evidence to show that other accounts were closed and an account he tried to open was closed down. I don't dispute the application of the marker would've had an impact on Mr M, and he has explained that the marker had a significant detrimental impact on his life. Mr M says he has problems receiving his salary, paying bills, it caused financial hardship and has damaged his credit file. Further Mr M says it has caused reputational damage, and emotional distress. Mr M says £15,000 compensation is fair given the impact of Monzo's error.

The Investigator considered Mr M's comments, and I can see she has asked for supporting evidence to consider whether increasing the compensation provided is fair. Although I can see Mr M has provided some evidence – specifically evidence to show other accounts were closed, I can't see that persuasive evidence regarding the impact of the marker has been provided. Mr M was asked for his full credit report, his CIFAS report, any late payment messages, details of other bank accounts and what steps he took to obtain another bank

account. Mr M hasn't provided this additional evidence. As such, I can't see a basis on which to direct Monzo to increase the compensation awarded.

I must also highlight that the compensation Mr M is seeking is not in line with awards this service can make. Further, reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses, and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the timeline of events, I think the compensation offer of £150 to be fair.

I know this will not be the outcome Mr M was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Monzo to compensate Mr M further. If Mr M wishes to accept the £150 compensation offer if he hasn't already done so, he can contact Monzo directly.

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 M to accept or reject my decision before 19 February 2026.

Chandni Green
Ombudsman