

The complaint

Mr P 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

A summary of what happened is below.

Mr P held an account with Monzo. In January 2024, he received several payments from third parties, through bank transfers. However, the incoming payments were later reported as being the result of a scam.

Monzo restricted the account and requested information to support why he had received the funds. Mr P said the payments were from friends towards the cost of a party. Monzo reviewed the information but didn't find it was satisfactory when it reviewed other information it had. It decided to file a misuse of facility marker at Cifas, as it believed Mr P had been complicit in receiving fraudulent funds. It also closed his account.

Mr P complained that he'd not engaged in fraudulent activity – he said he'd faced some financial difficulties when he came to the UK and had asked friends to send him money, but it had blocked the account. He said he couldn't get a bank account, and it was difficult to get by without one. Monzo considered this, but didn't think it had treated him unreasonably given the information it had.

Mr P contacted us to see if we could help. He said that a friend from his home country had got him involved in crypto and arranged for people to send money to his account.

One of our investigators looked at the case. She acknowledged what Mr P had said and provided, but she didn't find his explanation plausible as to why he was expecting the payments. Ultimately, she thought Monzo's evidence was robust enough to justify the steps it had taken.

Mr P didn't agree - he said this was the last mistake he'd make. The investigator reviewed everything but didn't change her mind. In line with our process, 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 P but I'm not upholding his 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 P 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 P's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Mr P 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 P'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 reports, saying that funds which entered Mr P's account was because of 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.

I'm also satisfied Monzo contacted Mr P and was clear what payments it was investigating – I've seen the notes. So, he was given the opportunity to explain things. Mr P said the payments were for a 'party share' but Monzo didn't find this satisfactory looking at the fraud reports and account activity. Mr P has also mentioned involvement in crypto. I've thought about all of this, but haven't found Monzo's position unreasonable, particularly considering the explanations Mr P has given for the payments don't align with what's in a number of fraud reports.

Ultimately, my role is to look at what both sides have said and provided and decide what weight to put on the evidence. Here, whilst Mr P has tried to explain the payments and says he's sorry, I'm afraid this isn't enough to refute that his account was used to receive fraudulent funds. Mr P's responses point to him being aware of this and him being complicit in the activity.

I'm sorry to hear about the difficulties he's experiencing, and 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). Therefore, I won't be requiring Monzo to take action to resolve this 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 P to accept or reject my decision before 13 October 2025.

Sarita Taylor
Ombudsman