

The complaint

Mrs S had an account with Monzo Bank Ltd (Monzo). Monzo closed the account and loaded a marker about her at Cifas, the national fraud database. Mrs S is unhappy with the account closure and Cifas loading as she says she was unaware of the conduct on the account, and she's been the victim of identity theft and fraud.

What happened

In March 2024 Monzo reached out to Mrs S on two occasions to ask her for information and evidence regarding two different transactions that came into the account. A response was provided to explain where the funds came from, but no evidence provided to support the explanation surrounding the payment.

Monzo completed a review of the account and made the decision to close the account with immediate effect and add a loading to Cifas.

Mrs S has explained the Cifas loading has made it difficult to maintain an account with other banks, and account providers. This has meant she's unable to receive benefits or wages, or setup direct debits for bills or buy anything online. She's told us this has impacted her mental health.

Mrs S made a complaint to Monzo about the Cifas and closure of the account. She said she is the victim of fraud and identity theft. Monzo issued a final response letter to the complaint to explain after a thorough review it had decided to maintain the information provided to Cifas, and unfortunately won't provide any further information behind the reasons for the decision.

Unhappy with the response from Monzo, Mrs S brought a complaint to our service to investigate. Mrs S provided our service with further information and evidence to support her case that she was the victim of identity theft and fraud. Our investigator reviewed the complaint and upheld it in part. They decided that Monzo were correct and fair in applying the Cifas marker at the time they did, based on the evidence they had, but based on the further evidence Mrs S had provided to our service, Monzo should now remove the Cifas loading as they felt the new evidence showed Mrs S was unaware of the activity on the account.

Monzo disagreed with our investigators assessment of the complaint. It considered that Mrs S was aware that it was her son using the account, and parts of her testimony to our service had been dishonest.

It also explained Mrs S would've been aware of the activity because push notifications were sent to her device and Monzo had previously warned Mrs S not to allow any other third parties access to her account. It believes she would've been aware of what was happening on her own account.

Because Monzo disagreed it's been passed to me to decide. I sent both parties my

provisional decision in which I said I was planning on not upholding this complaint. For ease of reference, here is what I said:

Provisional decision

I'm aware I've summarised the events of the complaint and in less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mrs S and Monzo has said before reaching my decision.

I would add too, that our rules allow us to receive evidence in confidence. We may treat evidence in confidence from banks for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some information Monzo has provided is information that we considered should be kept confidential.

Cifas

The marker that Monzo has filed with Cifas against Mrs S is intended to record that there's been a 'misuse of facility' – relating to Mrs S surrendering the credentials of her account for it to receive fraudulent funds. In order to file such a marker, Monzo is not required to prove beyond a reasonable doubt that Mrs S is guilty of a fraud or financial crime, but they must show that there are grounds for more than mere suspicion or concern. Cifas 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 Mrs S's account, whether they are retained or pass through the account. Secondly, the bank need to have strong evidence to show that the consumer was deliberately dishonest in receiving fraudulent payments and knew it was, or might be, an illegitimate payment. But a marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show deliberate complicity. There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

Here Mrs S received funds into her account that were confirmed by third-party banks to have originated from fraud. The banks reported that their customers had fallen victim to a scam.

On two occasions Monzo told Mrs S that they had concerns about payments that had been paid into her account. Monzo asked Mrs S to send them evidence of where the funds had come from and proof that the money belonged to her. Monzo received a response to explain that one payment was from a friend who owed money, and the other was making payments to cover the cost of lost air pods. No evidence was provided to support either explanation.

I've seen evidence from Monzo that confirms they've had multiple reports from other banks and separate customers that money received into Mrs S's account originated from fraud. The reports provided are consistent in the description of the scam and come from different third-party banks, I don't find the explanations provided to Monzo when it asked Mrs S, to be likely, and it hasn't been supported with any supporting evidence.

During making the complaint, Mrs S has said that she didn't have any knowledge of the funds going through the account, and nor was it her who answered the questions from Monzo. She has said she allows her son limited access to the account, she'll often put money in it for him to use. She says it was likely her son who answered any questions asked in the mobile app.

Mrs S has told us her account card details were stolen and used by her son's friend online. She says he was groomed and abused online, and he was asked to transfer money into someone else's account, and her son did this without her permission or consent. She's said that there have also been fraudulent phone contracts taken out in her name and provided evidence of this.

Whilst I've seen evidence that Mrs S has been considered the victim of identity fraud by other providers, I need to consider what the evidence tells me happened in relation to the Monzo account.

There's been no evidence provided to support a third-party friend being linked with the Monzo account. We've been told all contact was on social media and messages are no longer available. I've seen no evidence that suggests Mrs S card details have been stolen or used, or that her online banking has been accessed by a third party other than her son.

The evidence provided to me by Monzo supports that there are two devices registered to the account, one that appears to belong to Mrs S, and the other that appears to be her son's. There is also evidence from the month prior to the account closure when Monzo were concerned about suspicious logins on the account, Mrs S provided verification and confirmed that her son was using the account, and this was something she was aware of and allowed access to. Monzo responded to explain this was her individual personal account and she can't share her details with anyone else. It suggested getting in contact with Monzo if she needed help managing the account or supporting someone else.

I've seen technical evidence that when Monzo had concerns about transactions it sent push notifications to both devices that used the account. I've also seen that during the period of time Monzo reached out to ask questions about one of the transactions it had concerns with, both devices were accessing online banking.

Based on the evidence I've seen I'm not persuaded that Mrs S's son has used the account without her permission or consent. The evidence suggests to me that Mrs S was aware and agreed for the account to be used by her son, and was most likely aware that Monzo were questioning transactions on the account at the time.

The funds entering into the account would've been funds Mrs S wouldn't have been expecting, but at the time, after receiving push notifications on her device, she didn't question these transactions or report them with Monzo. Nor did she question the responses her son gave to Monzo.

So, I need to consider, based on all the information and evidence available, whether Monzo had sufficient evidence to meet the standard of proof to load a marker with Cifas. Having looked at all the information provided, I'm satisfied it did, and I say this because:

- I've seen evidence from Monzo that confirms they were notified by other banks that the money Mrs S received into her account, originated from fraud.*
- When Mrs S was asked about the account activity, Monzo were told a different version of events to the one we're now being told.*

- *Having balanced all the information I find that Mrs S allowed this account to be used to receive this money. So, she was a witting participant. This finding means that she didn't necessarily have to know about how the fraudulent credit was obtained but that she allowed her account to be used for the purposes she couldn't reasonably think were legitimate.*
- *Monzo had previously warned Mrs S not to allow her son to use her account and to do so breaches the terms and conditions of the account.*
- *Following Monzo asking questions regarding transactions on the account, it doesn't appear Mrs S changed access to the account to prevent her son to continue to use it in the same way.*

In summary, the requirements around banks loading markers at Cifas include there being sufficient evidence that the customer was aware and involved in what was going on. Mrs S has received funds into her account that have originated from fraud. I'm not satisfied that the evidence she has provided support her testimony that she was innocent party of the transfer of the funds and was unaware of what was happening on her account.

Having looked at all the evidence, I'm satisfied this shows there were reasonable grounds to suspect that fraud had been committed. And from the evidence I've seen it was reasonable for Monzo consider that Mrs S was likely complicit in this. So, on this basis I don't think it would be fair or reasonable to ask Monzo to remove the marker or pay Mrs S compensation.

Account closure

It's generally for banks to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed.

Monzo is also entitled to set its own policies and part of that will form its risk criteria. 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 banks and financial businesses 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 refuse to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination, and they must treat new and existing customers fairly.

Monzo has relied on the terms and conditions when closing the Mrs S's account. I've reviewed the terms, and they explain that Monzo can close an account for any reason by giving two months' notice. In certain circumstances, Monzo can close the accounts without notice, which is what happened here.

For Monzo to act fairly here, it needed to meet the criteria to apply the terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Monzo did. And that it was entitled to close the account as it's already done. So I don't conclude that Monzo treated Mrs S unfairly when it closed the account.

In summary, having considered everything, while I appreciate the impact that the closure and Cifas would have had on Mrs S, I'm not persuaded Monzo acted unreasonably or unfairly in the circumstances of the complaint. So, I won't be asking Monzo to do anything differently.

The deadline for both parties to respond has now passed. Mrs S hasn't responded.

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.

Having done so, and for the reasons in my provisional decision – as above – I have decided not to uphold this complaint.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 4 September 2025.

Simon Yates
Ombudsman