

## The complaint

Miss A complains that Monzo bank Ltd (Monzo) unfairly loaded a marker about her at Cifas, the national fraud database.

## What happened

Miss A had an account with Monzo, which she opened in October 2023.

On 8 November 2024, just over £69,000 was paid into Miss A's account. Shortly after this a card payment was attempted from Miss A's account, which was verified using Miss A's card and PIN. Monzo declined the payment.

Following this Monzo were notified by another bank that the payment Miss A had received was fraudulent and that their customer had been the victim of a scam. Monzo sent Miss A two in-app messages on 8 and 15 November 2024 and asked Miss A to get in touch to explain the payments. And to provide evidence of her entitlement to the funds. Whilst it waited for Miss A to get in touch, Monzo blocked her account.

In response Miss A, said that the payment into her account was compensation for medical negligence and provided an invoice for the payment of just under £6,000 made out to a food wholesaler. And a document in Swiss/German setting out details of the compensation payment. didn't have access to his bank statements so couldn't provide much information. But he told

Monzo decided to block and then close Miss A's account. Following this Monzo also decided to place a fraud marker against Miss A's name with Cifas. This was for misuse of a facility in relation to retaining fraudulent funds.

Miss A discovered the marker after she was interviewed by the police. Miss A said she cooperated with the police fully and said that the funds should be sent back to the victim of the scam. Miss A complained to Monzo and said that the marker was causing her significant distress, impacting her mental health and preventing her from opening other accounts. So, she asked Monzo to remove the marker.

Monzo reviewed everything including what Miss A had told them. After doing so, it said it wasn't willing to remove the marker. But acknowledged that it should have asked Miss A for more information even though it wouldn't have changed the outcome.

Unhappy with this response Miss A brought her complaint to our service. She wants Monzo to remove the marker. She said she suffers with depression and is visually impaired. And Monzo hadn't taken this into account when reviewing her appeal. She maintained that she hadn't benefitted financially from the fraudulent funds and Monzo hadn't given her an opportunity to explain things properly. So, she said Monzo should remove the marker.

An investigator looked into Miss A's complaint and asked Monzo and Miss A for some more information about what had happened. In summary, Miss A told the investigator:

- She doesn't know anything about the two payments.
- She opened the account but never used the account. And doesn't remember receiving a bank card or PIN.
- She never accessed the account and had other accounts that she used.
- She never used chat function to speak with Monzo.
- She used to live in accommodation of 15 rooms on different floors, is visually impaired and legally blind.
- She is not sure what has happened. She got a call from police to turn up for a voluntary interview because of transactions on her Monzo account. And this was the first time she was made aware of the payments.
- It wasn't her who responded to the in-app chat messages and provided information to Monzo about the payments.

The investigator spoke to Miss A again to clarify what she'd said. Miss A told the investigator:

- There's a possibility her Monzo PIN number was known by a third party.
- At some point she gave someone access to her card for an account held with a different provider, and this shared the same PIN as her Monzo card.

When the investigator spoke to Miss A on a third occasion she said:

- She wasn't sure what happened. And she was unable to point fingers at anyone and wouldn't be able to say one person in particular was responsible for the activity on her account and card.
- The police didn't charge her, so she'd done nothing wrong.

After reviewing everything the investigator said that Monzo hadn't done anything wrong when it had recorded the marker against Miss A's name. And closed her account. So, they didn't uphold the complaint.

Monzo agreed with what the investigator said. Miss A didn't. She wants the marker removed and said she doesn't know anything about the activity on her account.

As no agreement could be reached the matter has come to me to decide.

### **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 filed with Cifas against Miss A is intended to record that there's been a 'misuse of facility' – relating to using her account to receive fraudulent funds. In order to file such a marker, they're not required to prove beyond reasonable doubt that Miss A is guilty of a fraud of 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 Miss A's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that the consumer was *deliberately* dishonest in receiving the fraudulent payment 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 Miss A received funds into her account that were confirmed by a third -party bank to have originated from fraud. The bank reported that their customer had fallen victim to a scam.

Miss A contacted Monzo after she had been interviewed by the police and discovered the marker. Monzo told Miss A that they had concerns about the payment that had been paid into her account by Miss A. Monzo asked Miss A to send them evidence of where the funds had come from and proof that the money belonged to hers. In response Miss A told Monzo she didn't know anything about the money. She said she wasn't entitled to the money and that Monzo should send it back to the person who sent it to her. And that it wasn't her who had provided the documents about where the money had come from and the invoice to the food wholesaler.

Whilst I'm satisfied Monzo did provide Miss A with an opportunity to explain why she'd received the fraudulent money, after she complained, I think it could have explored things further at the time, which is also in line with Cifas guidelines. With this in mind I can see the investigator asked Miss A to provide any information she had about her entitlement to the money she received and what she did with it.

In response, Miss A told the investigator she didn't know anything about the activity on her account and hadn't used the account since she'd opened it. She hinted that someone else may have had access to her account but later said she couldn't really say who might have been responsible for the activity on her account.

Based on Miss A's response, I think if Monzo had asked Miss A about the payments it's likely that she would have provided the same information to them.

So, I need to consider whether based on all the information including the evidence Miss A has submitted to us, whether Monzo had sufficient evidence to meet the standard of proof and load a marker for misuse of facility with Cifas. Having looked at all the information provided, I'm satisfied they did, and I say this because:

- I've seen the evidence from Monzo that confirms they were notified by another bank that the money Miss A received into her account on 8 November 2024 was fraudulent.
- Miss A said she knew nothing about the money, and it wasn't her who sent the documents to Monzo about the source of the funds and the attempted payment.
- Miss A has also said she doesn't remember receiving her bank card and hasn't shared her banking details or allowed anyone to use her account. She later said she might have mislaid her card in her home.
- She's said although she opened the account, she never used it. And only found out about the activity on her account when she was contacted by the police.
- I've considered what Miss A has said about the money she received and the attempted payment. But I've also looked at the evidence Monzo has provided, and

this paints a rather different picture to what Miss A has said about the funds and activity on her account.

- I say this because Monzo has provided technical evidence to show that Miss A was regularly logging into her Monzo account using her mobile phone, which had been registered on the account when it was opened in October 2023.
- Miss A hasn't told us that she has lost her phone or allowed anyone else access to it. She's also said she hasn't shared her log on credentials with anyone else. So, I think it's more likely than not that it was Miss A accessing her account.
- Monzo also reached out to Miss A via its in-app chat facility which sent notifications to Miss A via her mobile phone asking her to contact them about the fraudulent payment. Following this Monzo were sent two documents purporting to show Miss A's entitlement to the funds and an invoice to a food wholesaler.
- I can't think of a reasonable explanation for how an unknown third party would be able to gain access to Miss A's mobile phone and become aware of her online banking credentials to be able to send the documents to Monzo, without Miss A's involvement. Doing so would have required Miss A to have some knowledge of the fraudulent funds being paid into her account.
- I've also reviewed Miss A's account activity prior to the payment in question crediting the account. Although the account was opened in 2023, it was never used, the first transaction on the account dated 7 November 2024, was a £10.00 credit from a third party. The investigator asked Miss A about this payment and the individual who paid this, but Miss A said she didn't know this individual and wasn't aware of the credit.
- However, following receipt of this credit three transactions debited Miss A's Monzo account. A faster payment to an account in Miss A's name for £2.00. Further payments were also made to the same account – which contradicts Miss A's submission that she never used her account. I also can't think of a reasonable explanation why a fraudster would send money to Miss A's own account – the only person to benefit from this activity would be Miss A.
- I also can't ignore that Miss A's version of events changed over time and each time she spoke to the investigator. Overall, this leads me to doubt the credibility of Miss A's version of events and suggests to me that Miss A was potentially involved in fraudulent behaviour.
- I've considered what Miss A says about the impact the marker has had on her. But she hasn't described being placed under any duress. In my view, based on all the evidence, I think it's most likely she allowed her Monzo account to be used for receiving fraudulent funds. And I think she was a willing participant in this and in trying to move money on. And that she reasonably knew this wasn't a legitimate activity. So, I'm not convinced Miss A is an innocent party. I think the evidence shows that Miss A was involved in a misuse of facility.

Monzo decided to close Miss A's account. Monzo have relied on the terms and conditions of Miss A's account in closing the account. These outline that Monzo can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case, Monzo closed Miss A's account immediately.

For Monzo to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that Monzo did. I say this because Miss A's account was being used to receive and spend funds that had originated from fraud. So, it was entitled to close the account as it's already done and end its relationship with Miss A. This means I won't be asking Monzo to reopen Miss A's account.

In summary, the requirements around banks lodging markers at Cifas include there being sufficient evidence that the customer was aware and involved in what was going on. Miss A has received funds into her account that have originated from fraud. She has been unable to provide any corroborative evidence to support her testimony that she is an innocent party of the attempted transfer of the funds and was unaware of their origins. I also find that the suspicious circumstances of the movement/use of the money and different explanations provided by Miss A adds weight to this argument.

Having looked at all the evidence I'm satisfied this shows there were reasonable grounds to suspect that fraud had been committed. And from evidence I've seen that Miss A was likely complicit in this. So, while I acknowledge Monzo didn't ask Miss A very much about the money (as it should have) and could have done more to investigate the wider circumstances about the payment Miss A received and given her more of a chance to defend her position, I'm satisfied had it done so, the marker would have achieved the burden of proof required. On this basis I didn't think it would be fair or reasonable to ask Monzo to remove the marker or pay Miss A compensation.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 1 January 2026.

Sharon Kerrison  
**Ombudsman**