

The complaint

Mrs Z complains that Monzo Bank Ltd unfairly loaded a marker about her at Cifas, the national fraud database.

What happened

Mrs Z had a current account, joint account and business account with Monzo.

This decision will focus on Mrs Z's current account.

Monzo were notified by another bank that a total of £3,000 Mrs Z had received into her accounts was fraudulent and that their customer had been the victim of a scam.

Monzo blocked Mrs Z's accounts and in March 2025, Monzo asked Mrs Z to provide information about her entitlement to two payments of £1,000 and £2,000 that had been paid into her accounts in February 2025 and March 2025, from an individual I will refer to as K. Following this the funds were spent and moved to an overseas account by Mrs Z.

Mrs Z told Monzo that K was a friend of her husband's and that the money were personal loans, to help with repaying debt and to pay for a relatives wedding overseas. In support of her explanation Mrs Z sent Monzo screenshots of conversations she says she had with K arranging the loans, copies of a photograph of K holding his passport and an affidavit from K setting out that he had agreed to lend Mrs Z the funds. And hadn't raised any fraud claims.

Following this Monzo decided to place a fraud marker against Mrs Z's name with Cifas. This was for misuse of a facility in relation to retaining fraudulent funds. Monzo also closed Mrs Z's account immediately.

Mrs Z discovered the marker when she had trouble with another bank account she had been closed. She complained to Monzo and asked them to remove the marker. Monzo reviewed everything including what Mrs Z had told them. After doing so, it said it wasn't willing to remove the marker.

Unhappy with this response Mrs Z brought her complaint to our service. She said the marker is causing her a lot of problems financially and impacting her mental well-being. She wants the marker removed. Mrs Z said that the funds were loans and provided an affidavit she says had been provided by K, and a video of K stating he hadn't made any claims of fraud against Mrs Z.

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

Monzo agreed with what the investigator said. Mrs Z didn't. She wants the marker removed. In summary she said:

- She is a law-abiding citizen and the money from K was loans to help her and her family pay for a wedding overseas and clear money that she owed.
- She said K hadn't been a victim of fraud and provided a video and affidavit from an individual she says is K, along with copies of K holding his passport.

The investigator reviewed all the information Mrs Z provided but maintained based on the evidence that Monzo had provided to our service in confidence that Monzo hadn't done anything wrong when it had applied a cifas marker against Mrs Z. And closed her account.

Mrs Z remained unhappy and asked for an ombudsman's decision. So, 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Monzo has treated Mrs Z fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No courtesy is intended by me in taking this approach. Instead, I've focused 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. But I have read all Mrs Z's submissions.

The marker that Monzo filed with Cifas against Mrs Z is intended to record that there's been a 'misuse of facility' – relating to using his account to receive fraudulent funds. In order to file such a marker, they're not required to prove beyond reasonable doubt that Mrs Z 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 Z'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 Mrs Z 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.

Mrs Z told this service and Monzo that the money she received from K were loans and she has provided what she says is documentary proof that she hasn't done anything fraudulent.

So, I need to consider whether based on all the information including the evidence Mrs Z has submitted, and the evidence that Mono has provided to our service in confidence 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 won't be asking Monzo to remove the marker. I say this because:

- I've seen the evidence from Monzo that confirms they were notified by another bank that fraudulent funds were paid into Mrs Z's account.
- I've looked at the evidence Mrs Z has submitted and weighed this against the evidence submitted in confidence by Monzo. Having done so, I'm not convinced it shows that the money received from K was a legitimate loan. I say this because the screenshots Mrs Z has provided told K to "please bring all your papers" to a meeting in a coffee shop. And there is no reference to K providing a loan to Mrs Z in this segment of conversation.
- It's not clear to me why K would need to bring paperwork or in fact why K needed to meet Mrs Z given the money was transferred via faster payments to her accounts. It just doesn't make sense.
- I've also watched the video Mrs Z has submitted of the individual she says is K. Having done so, I'm not persuaded that the video shows what Mrs Z says it does. I say this because the individual in the video appears to be reading from a script off camera and appears to be confused, unconfident and surprised about what he is saying at times. So, this leads me to doubt the credibility of the video evidence.
- I've also kept in mind that I have seen no evidence from K's bank or Monzo that K withdrew his allegation of fraud.
- I understand Mrs Z would want to know more information about the evidence provided by Monzo. But I have accepted this information in confidence, which is something I am entitled to do under Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's handbook.
- I've considered what Mrs Z says about the impact the marker has had on her. But 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. As far as I can see, the evidence strongly supports that Mrs Z was knowingly involved in fraud, whether directly, or as a money mule. So, I'm not convinced Mrs Z is an innocent party. I think the evidence shows that Mrs Z was involved in a misuse of facility.

Following this Monzo decided to close Mrs Z's account. Monzo have relied on the terms and conditions of Mrs Z'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 Mrs Z'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 Mrs Z'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 Mrs Z. This means I won't be asking Monzo to reopen Mrs Z'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. Mrs Z has received funds into her account that have originated from fraud. She has been unable to provide any persuasive evidence to support her testimony that she is an innocent party and was unaware of the origins of the funds. I also find evidence provided by Monzo in confidence adds weight to this argument.

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 Mrs Z to accept or reject my decision before 27 January 2026.

Sharon Kerrison
Ombudsman