

The complaint

Mr I complains that Monzo Bank Limited unfairly loaded a marker about him at Cifas, the national fraud database and closed his account.

Mr I is represented by his mother, Miss M in bringing his complaint to us. For ease of reading, I have referred to Mr I throughout the decision.

What happened

Mr I had an account with Monzo, which he opened in September 2024. Mr I has said he used the account to manage his everyday expenses and to receive his education bursary.

On 16 December 2024, Mr I received a payment of £250 into his account from an individual I will refer to as Mr O. Mr I sent the money to his brother, who then sent him £10 back.

Following this Monzo were notified by another bank that the payments Mr I had received from Mr O were fraudulent. Monzo emailed Mr I and asked him to get in touch with them so that they could ask him about the money he'd received from Mr O. But Mr I didn't respond.

Following this Monzo decided to place a fraud marker against Mr I's name with Cifas. This was for misuse of a facility in relation to retaining fraudulent funds.

Mr I discovered the marker and contacted Monzo in February 2025. He said he had been threatened to hand over his bank details and then individuals had misused his account. Mr I said his mother had reported the matter to the police and asked Monzo to remove the marker. He said that the marker was preventing him from opening other accounts.

In response Monzo asked him to explain the payments from Mr O and to provide evidence to support his explanation including that he had reported the matter to the police. But Mr I didn't provide anything. Monzo reviewed everything including what Mr I had told them. After doing so, it said it wasn't willing to remove the marker.

Unhappy with this response Mr I brought his complaint to our service. He wants Monzo to remove the marker. He said the marker has led to him being unable to open other bank accounts. And that it was impacting his ability to get a job and receive his bursary. He maintained that he hadn't done anything wrong and wasn't a fraudster.

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

- The £250 received from Mr O relates to the sale of a mobile phone that he had agreed to sell to his friend, and the funds were sent by the friend's uncle, Mr O on their behalf.
- Mr I said he used the funds to purchase a new phone from his brother's friend. This was a private one-off sale reflecting the agreed price for the device.
- Mr I provided the investigator with screenshots of conversations he says he had with

the person who bought the phone he sold.

- Mr I acknowledged that he did not respond to Monzo's emails at the time. He said this was because he was young and inexperienced in financial matters.
- All the listed transactions were legitimate and conducted in good faith.
- The bullying/threatening incident happened around the same time, so he thought it was that event that Monzo was asking him about. Monzo refused to talk to Miss M on his behalf, so he was not able to clarify things.

After reviewing everything the investigator said that Monzo hadn't done anything wrong when it had recorded the marker against Mr I's name. He added that Mr I's explanation about the fraudulent funds had been inconsistent. So, they didn't uphold the complaint. Monzo agreed with what the investigator said. Mr I didn't. He wants the marker removed and said that it's impacting his ability to open a bank account. In summary he said:

- He is a minor (16 years old). It is important to emphasize that he is not an adult and should not be expected to have the full capacity, understanding, or behaviours of one, especially when it comes to financial matters or responding under pressure.
- He was threatened, and his card was taken around the time of the transactions in question. These events caused distress and confusion. At no point was he involved in fraudulent activity.
- The suggestion that the story is inconsistent is incorrect. The information has been presented to the best of his ability, and he has remained truthful throughout.
- The money in question came from a friend, not a commercial transaction, hence, there is no receipt. He used that money to buy a second-hand phone from his brother's friend. This was a personal transaction, so no formal receipt exists.

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 Mr I 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 Mr I 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 Mr I'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 Mr I received funds into his 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.

In December 2024 Monzo asked Mr I what he knew about the fraudulent funds that had been paid into his account. Mr I didn't respond until he found out about the marker. Miss M on behalf of Mr I then told Monzo that he'd been threatened to hand over his bank details, and someone had misused his account. Mr I now says that he received the funds from a friend's uncle after he sold his friend a mobile phone.

Mr I has given two different explanations and highlighted his age at time. Mr I said he also reported what happened to the police. So, I need to consider whether based on all the information including the evidence Mr I has submitted to us, 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 confirmed they were notified by another bank that fraudulent funds were paid into Mr I's account.
- From looking at Mr I's bank statements the money Mr, I received from Mr O was transferred to Mr I's brother. Mr I has confirmed that he made this transaction. So, I am satisfied that he has benefited from fraudulent funds.
- It's difficult to assess what's the genuine story because until recently Mr I hasn't provided any evidence to back up how he came to receive fraudulent money into his account.
- When Monzo asked Mr I about the payments at the time he didn't respond. He said he did this because he is young and inexperienced at dealing with banks and financial matters. So, Mr I's mother then got in touch with Monzo and told the bank that Mr I had been threatened by individuals who'd taken his card and misused his account.
- I think it would have been reasonable for Mr I to have provided Monzo an explanation about why he'd received the fraudulent money into his account. Especially because Monzo had decided to close Mr I's account immediately, but he didn't do so until he knew about the marker. The fact that he ignored Monzo's contact makes me think it's more likely than not that Mr I knew the money coming into his account was fraudulent. If Mr I had been the unwitting beneficiary of fraudulent funds, I would've expected him to alert Monzo at the time in order that his account could be safeguarded against fraud. But he didn't do so.
- After bringing his complaint to our service, Mr I provided a very different explanation about the activity on his account. Mr I said he had no idea the money was fraudulent and that the £250 had been put into his account by his friend's uncle after he sold a mobile phone to his friend. He provided screenshots of conversations he says he had with his friend, who I will refer to as J about the transaction. I've looked at these and they show a conversation regarding the sale of a mobile phone. But I've got no way of verifying the authenticity of the screenshots Mr I has submitted.
- Mr I said he used the £250 he received from Mr O to buy another mobile phone from his brother's friend. In support of this Mr I provided a letter from his brother which says that his brother gave him some cash around the time in question to buy a mobile phone.

- I've looked at this and I'm not convinced that this backs up Mr I's latest explanation. I say this because Mr I hasn't provided any evidence that he had a phone to sell in the first place. The letter from Mr I's brother also contradicts Mr I's story that he used the money from Mr O to buy the phone – if this was true why would his brother give him money?
- I've not seen any evidence that Mr I bought another phone from his brother's friend. It also doesn't make sense why he would send the £250 to his brother instead of the person who was selling the phone. Mr I has said that there is no paperwork to support the sale as it was an informal arrangement. But I find the fact there is no evidence at all isn't credible. I'd expect there to be some evidence that led to this arrangement which Mr I could provide Such as messages between Mr I's brother and the seller of the phone. But nothing has been provided, which leads me to conclude Mr I used his account to move fraudulent funds to his brother's account. This activity suggests to me that Mr I was potentially involved in money laundering.
- I've kept in mind that Monzo gave Mr I another chance to explain why he'd received the £250 in February 2025. Given the impact a Cifas marker can have I can't think of a reasonable explanation why Mr I didn't tell Monzo he had received the money from his friend's uncle. Instead, he told Monzo that he had been threatened and had involved the police. I find it hard to believe that he would have been confused about the circumstances, as has now been suggested, given Monzo were very specific about which transaction they wanted him to explain.
- I've considered what Mr I says about the impact the marker has had on him. But in my view, based on all the evidence, I think it's most likely he allowed his Monzo account to be used for receiving fraudulent funds. And I think he was a willing participant in this and in moving the money on. So, I'm not convinced Mr I is an innocent party.
- When Monzo first asked about the activity on his account, when he would have had every reason to come clean if he was an unwitting participant, he didn't do so. Mr I then provided a different explanation when he brought his complaint to us. I can't see a plausible explanation for him to do this. And the different explanations make it hard for me to place a lot of weight on what Mr I has said about what happened. As far as I can see, the evidence supports Mr I was more likely than not knowingly involved in fraud, whether directly or as a money mule.

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. Mr I has received funds into his account that have originated from fraud. I also find that the suspicious circumstances of the movement/use of the money and explanations provided by Mr I about what he did with the fraudulent money 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 Mr I was likely complicit in this. On this basis I didn't think it would be fair or reasonable to ask Monzo to remove the marker or pay Mr I compensation.

Did Monzo close Mr I's account fairly

Monzo is entitled to end its relationship with a customer, as long as this is done in line with the terms and conditions of the account and is what I consider to be fair and reasonable.

Monzo's account terms set out it can close a customer's account immediately where it believes they have broken the law, breached the account terms, or put it in a position where it might break the law.

Here Monzo received a report that Mr I's account was in receipt of the proceeds of crime. So, this met more than one of its conditions for immediate closure. I also find that had Monzo not closed the account immediately, it would have been in a position of risk in allowing the account to potentially continue operating illegally.

For these reasons I find that the closure and notice provided were fair in the circumstances.

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 Mr I to accept or reject my decision before 15 May 2026.

Sharon Kerrison
Ombudsman