

The complaint

Mr N complains Monzo Bank Ltd unfairly applied a Credit Industry Fraud Avoidance System ('CIFAS' - the UK's fraud alert service) marker against his name.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr N held a Monzo account which he opened in February 2022.

On 5 February 2024 Mr N received a payment for £2,500. This was followed by further payments on 22 March 2024. The account closed in June 2024, and in early 2025 Monzo reached out to Mr N to ask about the incoming payments he had received. Mr N said he owned a business in Ghana, and a friend needed money in Ghana, so he agreed to give them funds, and in return he would be given pounds into his account which would help him pay rent. Mr N said this informal arrangement was made via voice note.

Monzo didn't consider the information provided by Mr N to be sufficient and prove his entitlement to funds. As a result Monzo also loaded a CIFAS marker against Mr N for '*misuse of facility*'.

Mr N raised a complaint regarding the application of a CIFAS marker by Monzo. Mr N said the marker was affecting his ability to open accounts elsewhere. Monzo assessed his complaint and in its final response letter dated 21 April 2025 explained it had followed the correct process in adding the CIFAS loading, and it was unable to remove the marker.

Unhappy with the response, Mr N referred his complaint to our service. An Investigator looked into Mr N's complaint and gathered the relevant evidence. The Investigator didn't think the complaint should be upheld. The Investigator explained this was because:

- The loading of a CIFAS marker was fair and Monzo had provided evidence to show the standard of proof had been met.
- Mr N's testimony and evidence wasn't sufficient in explaining the account activity and his entitlement to the funds.

Mr N didn't accept the Investigator's findings and maintained he had been treated unfairly. Mr N referred to Supreme Court caselaw that states the imposition of fraud related sanctions requires clear evidence of intent and must be proportionate. Mr N says receiving funds does not equate to fraud and the evidence from Monzo fails to meet the required standard. Mr N reiterated the marker was having a negative impact on his ability to access financial services, employment and overall well-being.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final 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 appreciate Mr N was disappointed by the Investigator's opinion. I'd like to reassure Mr N that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No courtesy is intended by me in taking this approach.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo Bank has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr N, but I'd like to reassure him that I have considered everything that he's told us.

As a UK financial business, Monzo is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Monzo needs to restrict, or in some cases go as far as closing, customers' accounts.

As part of these regulatory duties, businesses will use databases to share information. CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Monzo is not required to prove beyond reasonable doubt that Mr N is guilty of a fraud or financial crime, but it must show that there are grounds are 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 such that the member could confidently report the conduct of the subject to the police.

What this means is that Monzo will need strong evidence to show that Mr N has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action. The application of a CIFAS marker can have serious consequences for an individual, so this service expects business to carry out a thorough review of the available evidence.

My role is to establish if Monzo has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Mr N. Monzo has provided this service with details of the investigation it carried out following the fraud reports it received and Mr N's complaint. This included a detailed review of Mr N's account activity and testimony. At the

time it loaded the marker against Mr N had provided some details – mainly that he was assisting a friend and the funds were part of this informal arrangement. Mr N wasn't able to provide substantive evidence to support his testimony. The lack of supporting evidence to corroborate his comments means I think Monzo acted reasonably in loading the marker against Mr N based on the evidence it held.

When Mr N raised a complaint Monzo reviewed its decision to load the marker. In this review Monzo has highlighted its concerns with Mr N's testimony, and why it maintained its decision to upload a marker against Mr N. Based on the information I've seen I think this was the correct approach. I say this because Mr N's version of events didn't explain the fraud reports received, and his testimony has been both unclear and inconsistent.

When Mr N referred the complaint to this service he reiterated his version of events. The Investigator didn't find this evidence persuasive. Mr N has referred to a Supreme Court ruling and he says the evidence Monzo holds doesn't meet the legal threshold for fraud. As outlined above the requirements for loading a CIFAS are clearly set out – and the requirements differ to that of a court of law. I must also highlight that as an informal dispute resolution service, our approach to cases will take into account a number of factors. This will include caselaw, legislation, industry practice and regulations. So whilst I've thought carefully about Mr N's comments, they don't change my review, and I am satisfied our approach to assessing Monzo's actions is fair and reasonable.

Overall Mr N's comments and the supporting evidence don't allay the concerns regarding fraud and clearly show he is entitled to the funds. My review of this information, alongside the submissions made by Monzo to this service has led me to the same view reached by the Investigator. The evidence available equates to more than mere suspicion or concern of fraudulent activity. I therefore find that the marker was loaded fairly.

I appreciate Mr N will be disappointed with my decision and I fully appreciate the impact the fraud marker is having on him. But I am satisfied Monzo acted reasonably in taking this action to discharge its regulatory obligations. I hope my decision provides some clarity around why I won't be asking Monzo to take any further action.

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 N to accept or reject my decision before 16 January 2026.

Chandni Green
Ombudsman