

The complaint

Mr M complains Monzo Bank Ltd recorded a marker against him on a fraud database and closed his account. He doesn't think it's treated him fairly.

What happened

A summary of what happened is below.

Mr M held an account with Monzo. In April 2025, it was credited with two payments from a third-party, through bank transfers. £230 and £190. Mr M immediately transferred the funds onto his other accounts after they came in. However, the incoming payments were later reported as fraudulent to Monzo.

Monzo restricted the account and requested information to support why Mr M had received the payments and was entitled to the funds. In response to £230, he stated he'd met a person, and he'd given them cash, and they had agreed to transfer the equivalent funds to his account. Mr M acknowledged the reference for the payment was 'driving test' which didn't make sense, but he'd ignored it. Monzo asked for supporting evidence but didn't get anything. In relation to the payment of £190, Mr M said this was a transfer in a shop. Monzo requested supporting evidence of this as well but didn't get a response.

Monzo reviewed things, including the fraud report and decided to file a misuse of facility marker at Cifas, as it believed Mr M had been complicit in receiving fraudulent funds. It also closed his account.

Mr M found out about the marker and complained that he'd not done anything to cause this. He said he'd needed money urgently and submitted that he wasn't aware of anything fraudulent. He believed he may have been used as a money mule. Monzo reviewed the information but didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr M contacted us to challenge the decision. He said he hadn't had any proper justification for the fraud marker, and this was affecting him financially and personally.

One of our investigators looked at the case and gathered some further evidence. She acknowledged what Mr M had said but didn't find his testimony persuasive, noting:

- If he had needed money urgently, why couldn't the funds have been paid into the accounts into which they'd subsequently been transferred.
- He'd told her that he couldn't remember the payments, and given her different amounts and a name, throwing up discrepancies in his evidence.
- It wasn't clear why he'd approach a stranger for help and not someone he knew.
- She couldn't see that the funds were spent on everyday expenditure, which is what he'd told her was their purpose.
- There was no tangible evidence to corroborate what Mr M had said, to explain why he'd received the payments.

The investigator was satisfied Monzo had met the bar for loading the fraud marker and there wasn't a basis for removing it. She didn't find any error in closing the account in these

circumstances either.

Mr M maintained he hadn't done anything with dishonest intent. He maintained he'd urgently needed funds available in his Monzo account for online purchases, transport, and food. His other accounts had pending payments or limited access, and he was advised by the individual that the quickest way to resolve this immediately was for him to give them cash and for them to transfer equivalent funds to his account. He hadn't recognised this was a risky decision and was naive. He added, that regarding the mismatch in the amounts and names he'd mentioned earlier – this was due to confusion and memory lapse after his account had been closed. He went on to say that he didn't have written records of the transactions and was trying to recall events from memory under stress, which had led to errors in the details he'd provided. He considered the marker wholly disproportionate.

When the investigator didn't change her mind, the case was put forward for a 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'm sorry to disappoint Mr M but I'm not upholding his complaint, and I'll explain why.

The marker that Monzo has filed is intended to record that there's been a 'misuse of facility' – relating to using the account to receive fraudulent funds. To file such a marker, it's not required to prove beyond reasonable doubt that Mr M is guilty of a fraud or financial crime, but it must show that there are grounds for more than mere suspicion or concern. The relevant guidance 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 the business must first be able to show that fraudulent funds have entered Mr M's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr M was deliberately dishonest in receiving the fraudulent payments and knew they were, or might be illegitimate payments. This can include allowing someone else to use their account to receive an illegitimate payment. But a marker should not be registered against someone who was unwitting; there should be enough evidence to show complicity.

To meet the standard of proof required to register a fraud marker; the business must carry out checks of sufficient depth and retain records of these. This should include giving the account holder the opportunity to explain the activity on their account to understand their level of knowledge and intention.

So, I need to decide whether I think Monzo has enough evidence to show fraudulent funds entered Mr M's account, and he was complicit. And I'm satisfied that it has. I'll explain why by addressing what I consider are the salient points.

Monzo has provided evidence that it received reports, saying that funds which entered Mr M's account was because of a fraud. Looking at what was reported, I'm satisfied the bank had reasonable evidence of a scam and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Upon receipt of the fraud reports, Monzo contacted Mr M. It asked him to explain why he'd received the payments. The response it got back was that this was money received in return for cash from someone he'd met. Monzo didn't find this (or his response to the other

payment) satisfactory without any supporting information and decided to load the marker. It also decided to retain it, after reviewing the case following Mr M's complaint and further information.

I've looked at the circumstances and I don't find Monzo's position unreasonable. This is because I'm not persuaded Mr M would have given a stranger hundreds of pounds, when he could have paid the money straight into his other accounts. Mr M has said the payments went into his Monzo account instead, as access was limited and there were pending payments on his other accounts, but this would've presumably still been the case when he transferred the funds into his other accounts and he did so straight away. I've also examined the fraud reports, and, in my view, this is compelling evidence. Overall, I can't see how Mr M could have genuinely disregarded the payment references that were noted on his account, and for this not to have raised concerns, if this wasn't consistent with the arrangement he's described. Instead, he withdrew the funds paying them into his other accounts.

Ultimately, my role is to look at what both sides have said and provided and consider the weight of the evidence. Here, although Mr M has attempted to explain things, the information wasn't satisfactory to Monzo. There isn't anything supporting why the payments needed to go into his Monzo account and there's not enough persuasive evidence to show that these funds had been legitimately obtained because of the arrangement he's mentioned.

In conclusion, I'm satisfied Monzo had enough information to support its actions, with the report it received, the account activity and the responses Mr M has given. It follows that I don't find its actions were unfair to record the marker, maintain it and close the account (there's provision for that in the account terms and conditions). This means that I won't be requiring any further action to be taken to resolve this complaint, and as this is also the final stage of our process, my decision completes our review of matters.

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 M to accept or reject my decision before 24 November 2025.

Sarita Taylor
Ombudsman