

The complaint

Mr C has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

Mr C found his account with Monzo had been closed and that Monzo had lodged a fraud-related marker on his record with CIFAS. He only found this out after his main account, where his salary was paid into, was closed. He found the CIFAS marker was inhibiting his ability to open any further account to receive his salary.

He complained to Monzo about the fraud marker, but Monzo didn't feel they'd done anything wrong and refused to remove the marker.

Mr C brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and believed there was enough to suggest Mr C didn't know about any fraud. Mr C believed he'd sold his PlayStation and that was where the disputed £280 came from. Our investigator explained this was more than likely a layered fraud where two parties – Mr C and the individual who paid £280 – were both victims. She asked Monzo to remove the CIFAS marker and pay Mr C £200 for the inconvenience he'd had.

Monzo disagreed with this outcome and have asked an ombudsman to consider Mr C's complaint.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

It is clear what the requirements are prior to lodging a marker. Specifically:

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous.”

So Monzo must be able to provide clear evidence that an identified fraud was being committed, and Mr C was involved. This must go above Monzo having a suspicion of Mr C's involvement.

There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Monzo. This confirms they received a notification from

another bank about a customer who'd sent £280 to Mr C's account to pay for a coffee machine which they'd never received. Monzo believed the money wasn't Mr C's and could see that the money had been spent by Mr C after receipt.

But this on its own isn't sufficient to show Mr C knew what was going on or was involved.

Mr C has told us that he was selling his PlayStation over an online marketplace. He's shared messages with the purchaser which confirms the timing and the pricing match the £280 credit paid into his account. We've shared these subsequently with Monzo who remained unmoved.

However, I believe there's no reason why Mr C's testimony shouldn't be viewed on a par with the other bank's customer. It is well-known that this online marketplace attracts fraudsters executing layered frauds playing the middleman as both a buyer and seller. In this case gaining a PlayStation with only paying out £10 in cash.

I'm aware that Monzo remain sceptical about this, but this story seems as realistic as any to me. Particularly when I look at Mr C's normal account use. This wasn't his main account, but he transferred money into it from the account where his salary was paid into. He's admitted that he then used his Monzo account for a lot of daily spending, which included his gambling. I'm therefore not surprised when the money Mr C received was spent on one of his gambling accounts.

I appreciate Mr C didn't help his case by not responding to Monzo when they asked him to show his eligibility to the disputed credit. But the rules don't suggest this is sufficient to mark his record with a fraud marker.

The key aspect in reviewing this complaint is that the evidence must go beyond confirming a suspicion of Mr C's involvement and I don't believe that exists.

Putting things right

On this basis I believe it would be fair and reasonable to ask Monzo to remove the CIFAS marker.

There's no dispute that closure of accounts often follows after a CIFAS marker has been placed on an individual's record. This happened to Mr C and he will undoubtedly have been inconvenienced. I believe £200 is a fair and reasonable amount of compensation to be paid to him.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- remove the marker from Mr C's record with CIFAS; and
- pay him £200 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 September 2025.

Sandra Quinn
Ombudsman