

The complaint

Mr H complains Monzo Bank Ltd recorded a marker against him on a fraud database. He doesn't think it's treated him fairly.

What happened

Mr H held an account with Monzo. In January 2024, he received eight payments from a third-party, through bank transfers. He withdrew the funds immediately; however, the payments were later reported as fraudulent to Monzo.

Monzo restricted the account and requested information to support why Mr H had received the payments and he was entitled to them. He said the payments were in relation to a gold chain he'd sold, whereby he'd been paid part in cash and part by bank transfer. Monzo requested supporting evidence of this but didn't think what Mr H had was satisfactory in explaining things. It filed a misuse of facility marker at Cifas, as it believed he had been complicit in receiving fraudulent funds. It also closed the account.

Mr H found out about the marker and complained that he'd not done anything to cause this. He reiterated that the payments were in relation to the chain. Monzo reviewed the information but didn't think it had made a mistake in the steps it had taken (there was no satisfactory supporting evidence). Dissatisfied, Mr H contacted us and said the marker was affecting him financially and personally.

One of our investigators investigated the case. She acknowledged what Mr H had said but agreed with Monzo's analysis, that the information he'd given wasn't enough to refute the allegation of fraud, particularly in light of other available evidence. She noted there wasn't any evidence of a chain being sold and the amounts Mr H had given Monzo for the chain didn't quite match the amounts that had come into his account. Overall, she was satisfied Monzo had met the bar for loading the fraud marker and there wasn't a basis for removing it.

Mr H spoke with the investigator. He said he hadn't committed fraud. He'd advertised the chain on social media, and a friend had found a buyer. He'd met them one time only, when they'd arranged to pay him part in cash and part by transferring the rest. He hadn't seen them again, so he wasn't able to give Monzo details and said any other information he may have had was on his old phone or no longer available.

The investigator thought about this but didn't change her mind. The case was then 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 H but I'm not upholding his complaint. I have given proper consideration to this matter and judged the evidence objectively.

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 H 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 H's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr H was deliberately dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. 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 H'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 a report, saying that funds which entered Mr H's account was because of a fraud/scam. Looking at what was reported, I'm satisfied the bank was alerted to a possible scam and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Upon receipt of the fraud report, Monzo contacted Mr H. It asked him to explain why he'd received the payments. The response it got back was that the money was from selling a piece of jewellery. Monzo didn't find this satisfactory and decided to load the marker. It also decided to retain it, after reviewing the case following Mr H's complaint and further information.

I've looked at the circumstances and I don't find Monzo's position unreasonable. The fraud report doesn't align with what Mr H says the payments were for. But fundamentally there isn't any corroborating evidence to show that the funds relate to a sale of a chain and I'd expect to see something in relation to the arrangements. There's also no plausible explanation why eight separate payments were made when one payment would suffice.

My role is to look at what both sides have provided and consider the weight of the evidence. Here, although Mr H has attempted to explain things, I'm satisfied Monzo had enough information to support its actions that it believed Mr H had been complicit in receiving illegitimate funds, with the report it received, the account activity and the responses Mr H gave. It follows that I don't find its actions were unfair to record the marker or maintain it. This means that I won't be requiring any further action to resolve this complaint.

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 H to accept or reject my decision before 18 November 2025.

Sarita Taylor
Ombudsman