

The complaint

Mr C 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 C held a Monzo account which opened in 2019 and closed in April 2023.

In April 2023 Mr C's account received an incoming payment for £1,000. Monzo received a fraud report regarding the incoming funds. Monzo assessed this report alongside the account activity and loaded a CIFAS marker against Mr C.

Mr C raised a complaint regarding the application of a CIFAS marker by Monzo in March 2025, once he discovered its application. Mr C said the marker was affecting his ability to open accounts elsewhere, and Monzo failed to investigate properly as it didn't contact him about the incoming funds and his entitlement to them. Monzo assessed his complaint and in its final response letter issued in 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 C referred his complaint to our service. An Investigator looked into Mr C'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.
- Monzo didn't ask Mr C for details at the time, but it held enough evidence without his comments to load the marker.
- Mr C's testimony and evidence wasn't sufficient in explaining the account activity and his entitlement to the funds.

Mr C didn't accept the Investigator's findings and maintained he had been treated unfairly. 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 C was disappointed by the Investigator's opinion. I'd like to reassure Mr C that I've considered the whole file and what 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 discourtesy 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 C, 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 C is guilty of a fraud or financial crime, but it must show that there are grounds 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 C 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 C. Monzo has provided this service with details of the investigation it carried out following the fraud report it received and Mr C's complaint. This included a detailed review of Mr C's account activity and the details within the fraud report. At the time it loaded the marker against Mr C it didn't reach out and ask him about the funds. I do accept this would've been a reasonable part of Monzo's review. However, in its submissions to this service Monzo has shown that it did have evidence to support its concerns – as Mr C's account received fraud reports even once it closed.

I've also considered Mr C's comments now about his account – Mr C says he used the account for day-to-day spending and to receive funds from his crypto related activities. I've thought about Mr C's comments and the account activity, and I don't consider them to be persuasive enough to set aside the other evidence available about Mr C's account activity.

So I think Monzo acted reasonably in loading the marker against Mr C based on the evidence it held.

In response to the Investigator's review Mr C says that Monzo should've reached out to him as soon as it had concerns with the account activity. Mr C says he condemns the use of the term's fraudulent funds and financial crime. As acknowledged above, I do think some enquiries by Monzo at the time would've assisted in its review and helped it build an accurate picture of the account. But it is for Monzo to determine what investigation it carries out – there is no defined process it must follow. As long as it is able to meet the requirements as set out by CIFAS, then the loading of a marker will be considered appropriate.

Overall Mr C's comments don't allay the concerns regarding fraud and clearly show he was entitled to the funds which entered his account. In order to set aside the marker, Monzo would need to be satisfied Mr C is entitled to the funds that entered his account, and any evidence would need to be persuasive enough to negate the fraud reports received. This level of evidence hasn't been provided. My review of evidence that is available, 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 C 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 C to accept or reject my decision before 20 January 2026.

Chandni Green
Ombudsman