

The complaint

Mr A 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

Mr A held an account with Monzo. In March 2024, he received a payment from a third-party, through a bank transfer. The funds came from someone who I shall refer to as 'H'. Mr A transferred the funds immediately to another person (a friend), 'I'; however, the payment was later reported as fraudulent to Monzo.

Monzo restricted the account and requested information to support why Mr A had received the payment and he was entitled to it. He said 'H' was a friend from high school who was paying him back. Monzo requested supporting evidence and Mr A sent a screen shot of a conversation with 'H' about this. Monzo didn't find the explanation or screen shots satisfactory in explaining things and 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 A found out about the marker and complained that he'd not done anything to cause this. He said he'd received the payment out of the blue from someone he didn't know, and he'd got a call from 'I' about it, asking him to send the payment to him. He submitted that he didn't know any more than this and was an innocent party in the transaction.

Monzo reviewed the information and asked Mr A for anything else he had. On completing its review, It didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr A contacted us and said the marker was affecting him financially and personally.

One of our investigators reviewed the case. She acknowledged what Mr A had said but agreed with Monzo's analysis, that the information he'd given was a concern and wasn't enough to refute the allegation of fraud, particularly in light of other available evidence. Like Monzo, she also noted Mr A had said 'H' was a friend but had then said he didn't know him, indicating the chat he'd sent to Monzo wasn't genuine. Overall, she was satisfied that if Mr A knew nothing about the legitimacy of the payment, his evidence would have remained consistent. Weighing everything, she concluded Monzo had met the bar for loading the fraud marker and there wasn't an error in closing the account either.

Mr A said he had been scared hearing from Monzo, and a friend had produced the chat to try and clear things up. He added this was an error of judgement on his part brought about by low mood and anxiety, and not fraudulent intent.

The investigator shared this information with Monzo. It was sorry to hear about Mr A's health but maintained it was justified in loading the fraud marker. The investigator reconsidered the case but didn't change her mind. The complaint was passed 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.

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 A 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 A's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr A 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 A'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 A's account was because of a fraud/scam. 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.

Monzo asked Mr A to explain why he'd received the payment. The response it got back was that the money was from his friend. Monzo didn't find this satisfactory and decided to load the marker. It also decided to retain it, after reviewing the case following Mr A's complaint and further information.

I've looked at the circumstances and I don't find Monzo's position unreasonable. Fundamentally Mr A changed what he said about the circumstances under which the payment arrived in his account and after being given a fair opportunity to explain it. I can't see why he'd need to do that if he didn't know much more about the payment than he's said. On balance, this suggests he knew more than he was willing to say. In addition to this, he went further and provided Monzo with a chat which didn't relate to it. On the issue of the chat, Mr A said he was feeling low. It's possible that this may go some way in explaining why he may have made poor choices in sending this to Monzo, but I can't see he lacked capacity, such that this absolves him of responsibility for his decision making.

My role is to look at what both sides have provided and consider the weight of the evidence. Here, although Mr A has attempted to explain things, I'm satisfied Monzo had enough information to support its actions that it believed Mr A had been complicit in receiving illegitimate funds, with the report it received, the account activity and the responses Mr A gave. It follows that I don't find recording the marker and closing the account was unfair¹. Therefore, I won't be asking Monzo to do anything more.

¹ There's provision in the account agreement for Monzo to close the account in these circumstances.

I'm sorry to give Mr A disappointing news but I must look at the evidence objectively. I hope he can access appropriate support.

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 A to accept or reject my decision before 19 November 2025.

Sarita Taylor
Ombudsman