

## **The complaint**

Mrs O complains Monzo Bank Ltd wrongly applied a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against her name.

## **What happened**

The detailed background to this complaint is well known to both parties and the Investigator has set this out clearly in his review. So, I'll only provide an overview of some of the key events here.

Mrs O held an account with Monzo which she opened in February 2024. In February 2025 Mrs O received four credits into the account. Monzo restricted the account and asked Mrs O about her entitlement to the incoming funds, and her relationship with the senders. The funds that were paid in were transferred out shortly after they were received. Monzo didn't receive a response to its queries from Mrs O, and so it closed the account and any linked facilities. Monzo also recorded a CIFAS marker against Mrs O on 13 February 2025 for misuse of facility, as funds that had been reported as fraudulent had entered her account.

When Mrs O discovered the application of the marker against her name, she contacted Monzo and asked for its removal. Mrs O stated she had been contacted by the police, and as part of their investigation she had provided evidence about how her account was funded. Mrs O said the police were satisfied with the information she provided and no further action was taken.

Monzo reviewed Mrs O's comments, and asked Mrs O to provide details about the credits and her entitlement to the funds. Mrs O said Monzo should ask the police for these details, as she had already co-operated with their review. Monzo reviewed Mrs O's concerns and, in its final response letter dated 6 July 2025 it explained it had acted appropriately in applying the marker and the necessary CIFAS principles had been adhered to.

Unhappy with the response received, Mrs O referred her complaint to this service. In the submissions made to this service, Mrs O explained she had another account closed and the marker was impacting her ability to access accounts elsewhere. Mrs O also reiterated that she had been cleared of any wrongdoing by the Police Fraud Investigation Unit. Mrs O stated the marker and Monzo's treatment of her was having a huge impact on her physical and mental well-being, and as a small business owner she was struggling to meet her commitments and maintain a livelihood. In order to put things right Mrs O asked for Monzo to remove the marker.

In her submissions to this service Mrs O explained the credits related to her business – she provided personal shopper services and the funds related to these services. Mrs O said the funds weren't expected by her as she didn't always check her bank statement. Mrs O provided our service with the evidence she had provided the police – this included invoices and her testimony regarding her business and how she uses her account. Mrs O also provided the correspondence she received from the police to confirm it had concluded its investigations.

As Monzo didn't have sight of Mrs O's explanation and evidence, this was forwarded onto Monzo for its consideration. Monzo reviewed the additional evidence, alongside the information it already held, and maintained its position. Monzo didn't find the evidence showed funds entered Mrs O's account legitimately and found the application of the marker to be appropriate.

The Investigator reviewed Mrs O's comments and all the available evidence, and in summary, made the following findings:

- The CIFAS marker was fairly applied by Monzo, and in keeping with its legal and regulatory duties.
- It asked reasonable questions of Mrs O and without further evidence to support her version of events it wouldn't be appropriate for Monzo to remove the marker.
- Although Mrs O has provided information to show the police aren't taking matters further, this doesn't show Mrs O was an unwitting party in the movement of fraudulent funds.
- Monzo provided Mrs O with an opportunity to present her version of events and evidence, but its initial attempts to engage with Mrs O weren't responded to.
- The evidence provided by Mrs O – such as the invoices and chats don't allay the concerns held about the funds being fraudulent.

Mrs O disagreed with the Investigator's review and said she had nothing to do with the fraudulent funds that entered her account. Mrs O says she co-operated with the police which is a higher authority than Monzo, and this should be enough for the marker to be removed. Mrs O also explained she spent the funds as she also had her own legitimate funds in the account, and she would never have knowingly be complicit in the use of funds that weren't hers. Mrs O said she was a responsible citizen and has worked hard to build a good credit score and have a positive life here in the UK. Mrs O says Monzo's actions have tarnished this.

The Investigator reviewed Mrs O's additional submissions, but their opinion remained unchanged. Mrs O didn't accept the Investigator's findings and maintained she 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 Mrs O was disappointed by the Investigator's opinion. I'd like to reassure Mrs O that I've considered the whole file and what's she'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. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

Firstly, I am sorry to see Mrs O has had cause for complaint. I don't underestimate the worry and anguish this situation has caused, and also the stress of dealing with the complaint about it. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

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 its 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 Mrs O 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 Mrs O 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 Mrs O. Monzo has provided this service with details of the investigation it carried out following the fraud report it received. This included a detailed review of Mrs O's account activity. It also provided Mrs O with an opportunity to provide her version of events and further evidence. Monzo stated it reached out to Mrs O three times to obtain information, but their attempts weren't responded to. Mrs O says she was unaware that communication could take place through the Monzo app, and she saw an email but then couldn't find it, so didn't respond. Mrs O says she eventually realised Monzo had been trying to contact her, but by then the account was closed. Mrs O says she was then contacted by the police, and she co-operated with them and prioritised this review.

Monzo weighed up this evidence it held about Mrs O's account, against the details of the fraud claims made, and found the requisite bar had been met for applying the marker. I think Monzo acted reasonably in loading the marker against Mrs O based on the evidence it held. When Mrs O contacted Monzo regarding the application of the marker and raised a complaint she was provided with another opportunity to provide evidence and show her entitlement to funds. Mrs O elected not to provide this – instead Mrs O directed Monzo to the police as she had completed a review with them. I understand Mrs O felt this would be sufficient, but I find Monzo provided Mrs O with ample opportunity to present her version of events, and the lack of evidence and co-operation at this stage meant it had to rely on the evidence it already held. I also wouldn't expect Monzo to reach out to the police and rely on its investigation alone – it needed to complete its own review given it was the organisation loading the marker against Mrs O.

When Mrs O raised her complaint with this service, she provided extensive details about her personal shopping business and the review she was subject to with the police. I've thought carefully about whether the application of the marker is fair in light of these additional submissions. Mrs O says she didn't know who sent the funds to her account, and says as she uses the account regularly for her business there are numerous credits. Mrs O says she reconciles payments periodically, and she would've noted these credits at this stage. However, the balance on Mrs O's account at the time they entered her account was low, and Mrs O also forwarded on funds to beneficiaries known to her. This means Mrs O would've had sight of her balance and transacted on the account. If she didn't recognise the credits or expect to receive them, I think it would've been reasonable for Mrs O to flag this immediately with Monzo.

I've also considered the evidence Mrs O has provided about her business. On the one hand Mrs O has provided invoices which she says shows the activity on her account was legitimate. But on the other hand, she says she doesn't know who the senders of the funds were, and none of the invoices she has provided tie in with the amounts received into her account and the names of the senders. I find Mrs O's comments around this to be unclear and inconsistent, and I don't find this evidence supports her premise that she unwittingly received fraudulent funds.

A key element of Mrs O's complaint is her co-operation with a police investigation into her finances. Mrs O says this investigation was concluded by the police, with no further steps taken. Mrs O argues this shows she has acted correctly, and as the police is a higher authority than Monzo, its review should override Monzo's decision to apply the marker. It is not in dispute that the police review and investigation is of relevance here – and I can see both Monzo and the Investigator considered the evidence provided by Mrs O from the police. However, I don't consider this to be adequate evidence to direct Monzo to remove the marker.

I say this because the review by the police doesn't specifically refer to the credits in question and show Mrs O was entitled to them. I am also mindful that the nature and purpose of the police review is entirely separate to the review carried out by Monzo in order to load the CIFAS marker. Whilst both reviews may have been running parallel to one another, the nature of both reviews and the evidential requirements will differ. In this complaint, the ultimate question for me to consider is whether Monzo acted fairly in applying the marker. Despite the evidence regarding the police review, I find Monzo did, and it acted in line with its wider legal and regulatory duties.

As part of her complaint to this service Mrs O has highlighted her personal circumstances and says she has taken steps to build a life for herself, and this has been undone. Mrs O has my sympathy, and I appreciate this has been a challenging time. Ultimately, Monzo is under a duty to accurately record information about all its customers, and it must do so in an objective manner. Further, the test set out by CIFAS doesn't ask businesses to make judgements on each individual customer. Instead, the test sets out clear requirements that enable businesses such as Monzo to make evidence and fact-based decisions. I therefore find Monzo's actions to be fair in the circumstances.

I can see Mrs O has provided details about the impact the CIFAS marker has had on her finances and her ability to run her business. The loading of a CIFAS marker can have serious consequences, and I am sorry to learn of the impact Monzo's decision has had on her at what is already a challenging time. Having reviewed Mrs O's comments and the supporting evidence I don't find these allay the concerns regarding fraud and clearly show Mrs O is entitled to the funds that entered her account. This means I agree that 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 Mrs O will be disappointed with my decision, 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 Mrs O to accept or reject my decision before 10 April 2026.

Chandni Green  
**Ombudsman**