

The complaint

Mr O 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

A summary of what happened is below.

Mr O held an account with Monzo. In January 2025, it was credited with a payment from a third party, through a bank transfer. Some of the funds were transferred out of the account shortly afterwards to an account Mr O held elsewhere. However, the incoming payment was later reported as fraudulent to Monzo.

Monzo restricted the account and requested information to support why Mr O had received the payment and was entitled to the funds. In response, he said the loan was from a family friend. Monzo asked for any supporting evidence, and he sent an invoice for the loan and a screen shot of a WhatsApp conversation about it.

Monzo reviewed this, including the fraud report but didn't find Mr O's information credible. It decided to file a misuse of facility marker at Cifas, as it believed he had been complicit in receiving fraudulent funds. Monzo also closed the account.

Mr O found out about the marker and complained that he'd not done anything to cause this. He submitted Monzo had made a mistake because the funds were honestly a loan.

Monzo reviewed the matter further but ultimately didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr O contacted us to challenge the decision. He said he hadn't had any proper justification for the fraud marker, and it was affecting him financially and personally. He believed his treatment hadn't been fair.

One of our investigators gathered further information. Mr O said the person lending him the money was his cousin and confirmed he was a male. Mr O said he'd agreed to pay his cousin back in around a month. The investigator thought about this, and the other information she had, but didn't find his testimony persuasive, noting there were some differences, such as, between the times on the chat conversation and the time the funds had credited the account. She also thought it was highly unusual that a loan obtained legitimately from a family member would result in a fraud claim. Furthermore, she could see that the funds had come from a female (not a man) who had said they'd been defrauded, and Mr O hadn't been able to give us their name. Thinking about this and the other available evidence, the investigator was satisfied Monzo had met the bar for loading the fraud marker and there wasn't a basis for removing it. She didn't find any error in closing the account in these circumstances either.

Mr O provided his analysis as to why the investigator's interpretation of the evidence was wrong. Amongst other things. He said:

- His side of the story hadn't been considered.

- The WhatsApp chat, invoice and the movement of the funds out of the account hadn't been considered together.
- The messages showed he had his cousin's contact details saved under his name.
- When Monzo had queried the payment, he'd contacted his cousin and the first thing he had sent him was the invoice. To judge this against him was unfair.
- The time difference in the messages was down to him being in Spain.
- He'd asked for the loan before the payment was made because he was in financial distress and desperately needed the money. That's why he'd transferred money out to his other account.
- The female could be his cousin's wife because some couples share accounts, and his cousin might have used her account without him knowing the details. But the screenshot supported why he'd received the funds.
- He accepted it was strange that a fraud claim should be raised but it was possible he'd been caught up in someone else's fraud and he was a victim. Why hadn't Monzo considered this possibility.
- The bank's investigation had been dismissive and not thorough.
- The fraud marker was harsh. Prior to this, he was someone with a clean banking record.

When the investigator didn't change her mind, the case was 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 O but I'm not upholding his complaint, and I'll explain why.

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 O 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 O's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr O was deliberately dishonest in receiving the fraudulent payments and knew they were, or might be illegitimate payments. 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 O'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 O's account was because of a fraud. Looking at what was reported, I'm satisfied Monzo had

reasonable evidence of fraud and needed to make enquiries to meet its regulatory obligations to investigate such matters.

I won't be sharing this information. Where there are sensitivities surrounding evidence supplied in confidence, I have to balance Mr O's expectations with the impact sharing information might have on our ability to receive and consider evidence provided in confidence. Our rules (DISP 3.5.9(2)R) allow me to do this. Though, I'd like to assure Mr O that I have reviewed this evidence impartially and objectively as my role requires.

Mr O thinks Monzo didn't carry out a fair process but upon receipt of the fraud report, it has shown us that it contacted him. It asked him to explain why he'd received the payment. So, I'm satisfied he was given a fair opportunity to provide supporting evidence. He provided a transaction screen shot, a chat conversation about needing £100 and an invoice from someone he said was his cousin. But Monzo didn't find this satisfactory when looking at the fraud report, so it decided to load the marker. It also decided to retain it, after reviewing the case following Mr O's complaint and further information.

I've looked at the circumstances and I don't find Monzo's position unreasonable. This is because I'm not persuaded that if the funds were really a loan from Mr O's cousin that he couldn't get a copy of their bank statement, showing that he'd arranged to send the money for that purpose. The invoice and screen shots aren't enough in showing the payer's involvement in the transaction. Mr O told our investigator that he was shocked by the fraud claim but according to his own testimony he'd have a connection to the person that arranged to send the money, so it was within his control to get this evidence and he hasn't provided a credible explanation why he couldn't.

I've got to look at the evidence and what weight has been fairly applied to it. The fraud report that Monzo received is compelling and whilst Mr O has attempted to explain which female could have sent the funds, I'm not persuaded that he wouldn't know their name. Weighing everything here, the circumstances suggest Mr O has been complicit in receiving fraudulent funds and benefiting from them.

In conclusion, I'm satisfied Monzo had enough information to support its actions, with the report it received, the account activity, the responses Mr O has given and the lack of credible evidence of the arrangement he described to the bank. It follows that I don't find its actions were unfair to record the marker, maintain it and close the account (there's provision for that in the account terms and conditions). All things considered, I won't be requiring any further action to be taken 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 O to accept or reject my decision before 8 December 2025.

Sarita Taylor
Ombudsman