

The complaint

Mr F complains that Monzo Bank Ltd unfairly applied an adverse fraud marker against his name and closed his account.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Mr F held an account with Monzo. In April 2025, Monzo received a report that Mr F's account had been in receipt of fraudulently obtained funds. Monzo placed blocks on Mr F's account and asked him for proof of entitlement to those funds.

Mr F responded to Monzo's enquiry, stating he didn't know anything about the funds and believed his account may have been hacked.

Monzo, unhappy with this response after investigation, closed Mr F's account and loaded an adverse fraud marker against his name on the Cifas database.

Mr F complained to Monzo, but after investigating its actions, it didn't find it had made an error. It maintained that the loading was applied fairly.

Unhappy with that response, Mr F referred his complaint to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties, but didn't recommend the complaint be upheld.

Mr F didn't agree with that assessment, so the matter was passed to me to decide.

On 17 October 2025, I issued provisional findings to both parties. Those findings were as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Was the recording of the Cifas marker fair?

One of the relevant considerations here is set out by Cifas: the fraud marker database controller. In its Handbook—which members must adhere to when loading markers—it sets out the burden of proof the member must meet. The relevant standards regarding this complaint are:

1. That there are reasonable grounds to believe that a fraud or financial crime has been committed or attempted.
2. That the evidence must be clear, relevant and rigorous.

My interpretation of these standards is that a member cannot simply load a marker against an individual based on mere suspicion. It must be able to meet a higher bar; in that a customer was likely a witting participant in the alleged conduct. This has been

reinforced by Cifas' Money Mule Guidance, which it released to its members in March 2020.

Having considered these standards, I'm satisfied that Monzo has been able to demonstrate the first of the above two standards has been met. While I am unable to disclose the exact details of the report Monzo received, it is clear there was a credible allegation of fraud by a third-party about payments that were made to Mr F's account.

Turning to the second of the above two standards. Despite Mr F's assertions that he was not provided sufficient opportunity to defend himself regarding any allegations made, I can see Monzo did reach out to Mr F asking him to provide evidence of his entitlement to funds that had entered his account. Mr F responded to that message stating that he didn't know about the payments and believed his account had been hacked.

Evidence Monzo has provided our service suggests this to be an unlikely explanation. I say this as:

- The device used at the time of the transactions was registered on the account with ID verification, and it had been used for legitimate, undisputed payments.
- The funds were moved on to an account Mr F had paid before.
- Mr F used the account the same day to transfer funds on to another account in his name.

Further, when Mr F reached out to Monzo to complain, he told it that he believed the incident resulted from a misunderstanding or from trusting someone who used his account in a way he was not fully informed about. This testimony was not consistent with his original claim that his account had been hacked.

Overall, I'm satisfied for the reasons above that Monzo did load the marker in line with Cifas guidelines. It therefore follows that I don't uphold this element of Mr F's complaint.

Did Monzo close Mr F's account fairly?

While I understand Mr F's primary complaint is regarding the recording of the Cifas marker, I can see he has expressed some dissatisfaction with the closure of his account when coming to our service.

Regulated firms, such as Monzo, are entitled to close a customer's account if this is done fairly and in line with relevant guidance, regulation and the terms and conditions of the account.

Here, Mr F's account was the confirmed beneficiary of fraudulent funds. It therefore posed a significant risk to the bank in allowing its continued operation. Monzo also sets out in its terms and conditions that it may close an account immediately if it believes the customer has broken, or attempted to break, the law.

While I am not suggesting that Mr F is a criminal here, a confirmed report of fraud from a third-party account would meet the definition of that term for immediate closure. I therefore find that Monzo was fair in closing Mr F's account immediately."

Monzo responded stating it had nothing further to add. However, Mr F requested that I reconsider my position as he maintained that he thought he was assisting a friend, but later discovered this not to be the case.

As both parties have now had an opportunity to respond to my provisional assessment, I am now able to issue my 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.

Mr F has responded to my findings setting out that he assumed at the time he'd received the funds that they were from a friend of his who had earlier told him they were sending him something. He says that when he later asked that friend about the funds sent, and they denied sending them. However, Mr F hasn't provided any evidence in support of that testimony.

Further, Mr F's explanation differs to what he told Monzo when asked to account for the credit to his account. Mr F has reiterated that he wasn't given a fair chance to explain himself before the marker was applied, but the evidence doesn't support that claim.

As I have already explained in my provisional assessment, Monzo did reach out to Mr F. And it asked him for his entitlement to those credits into his account. Instead of Mr F explaining that these were expected funds from a friend, he denied knowledge of the credits and said his account had been hacked.

Mr F has told me that he said this because he received strange notifications from his banking application and said it had stopped working, but there is no evidence to suggest there were any technical issues with his online banking at the time. I also don't find this to be plausible as he used his online banking the same day to transfer on those funds and make other payments.

Overall, I'm not persuaded that the additional submissions Mr A has provided are reason enough for me to depart from the findings I set out in my provisional decision. It therefore follows that I won't be asking Monzo to take any action.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 November 2025.

Stephen Westlake
Ombudsman