

## **The complaint**

Ms M complains Monzo Bank Ltd unfairly closed her account and incorrectly loaded a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against her name. Ms M says this caused extreme financial, physical and emotional distress.

## **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.

Ms M held a Monzo account. In January 2022 Ms M received a payment of £800. In February 2022 Monzo received a report from the sending bank that these funds entered the account fraudulently.

On 16 February 2022 Monzo issued a notice to close – and the remaining funds in her account were returned. Ms M raised concerns about this and sent details of a car sale which she said explained the account activity. Monzo loaded a CIFAS marker against Ms M for misuse of facility

In March 2025 Ms M discovered the presence of the CIFAS marker. Ms M says she was in the process of purchasing a property, and the marker impacted her ability to move forward with the purchase and caused delays. Ms M says the marker had significantly affected her over the years – with her providing details of the impact on her health, mental wellbeing and finances.

As part of her complaint Ms M also explained she had made a data subject access request (DSAR) in 2022 which wasn't responded to. Ms M raised another DSAR when she discovered the application of the CIFAS marker.

Ms M raised a formal complaint with Monzo about its handling of her account, the application of the CIFAS marker and general customer service issues. In its final response letter dated 5 May 2025 Monzo explained:

- The CIFAS marker should not have been loaded against Ms M. It should've obtained further evidence before applying this.
- It wasn't under a duty to tell Ms M the marker had been applied. The marker has now been removed.
- It handled the DSAR correctly and Ms M needs to contact CIFAS for any further details. However, it did accept there were delays in processing Ms M's recent DSAR and offered an apology and compensation.
- Its request to verify Ms M's identity was fair and its security measures are in place to protect customers.
- The time taken to review the CIFAS loading took longer than necessary. Monzo offered compensation for the impact of this delay.

Ms M remained unhappy and referred her complaint to this service. In its submissions to this service Monzo offered to increase the compensation offer to £350 in total. Ms M rejected

this, explaining Monzo's actions had serious repercussions on her. An Investigator gathered the relevant evidence and Monzo offered to increase its offer to £500. The Investigator issued their findings, and in summary, made the following key points:

- Monzo didn't act fairly when it closed the account immediately. Monzo should have given Ms M more notice before it closed the account.
- Monzo doesn't need to give Ms M reasons for its decision. But Ms M can apply for a new account with them if she wishes to do so.
- Although Ms M made a DSAR Monzo doesn't need to provide the level of detail Ms M wants regarding the CIFAS and account closure.
- There were delays in the processing of Ms M's DSAR request.
- Monzo had insufficient evidence to meet the standard of proof to record the marker in 2022.
- The impact of the marker was significant – Ms M's mortgage process was delayed and has impacted her health and caused her distress.
- There isn't sufficient evidence to show the CIFAS marker impacted Ms M's credit applications and car finance rate.
- Whilst Ms M's health may have been impacted in the intervening years, this can't be found to be solely due to Monzo's actions.
- Ms M did experience distress and inconvenience – the £500 compensation is a fair amount and reflects the impact on her.

Ms M didn't accept the Investigator's findings and maintained she had been treated unfairly and compensation of £2,500 would be fair. 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 Ms M was disappointed by the Investigator's opinion. I'd like to reassure Ms M 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 Ms M 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.

#### *Account closure and CIFAS marker*

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.

In Ms M's case Monzo carried out a review of Ms M's account due to a fraud report that it had received. Monzo is entitled to close an account just as a customer may close an account with it. But before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account. Having reviewed the terms of the accounts held by Ms M, I'm not satisfied Monzo's decision to close the account is in keeping with them and appropriate in the circumstances.

Monzo has accepted it shouldn't have closed the account in this manner and has offered Ms M the opportunity to reopen an account should she want one. I understand Ms M feels she should be given clear details of why the account closed and made a DSAR request. However, Monzo isn't obliged to share this level of information with Ms M. I can also see Monzo failed to reply to Ms M's initial DSAR and it then delayed the processing of her second DSAR. This added to the overall distress Ms M was experiencing in relation to her Monzo account. Monzo accepts this, and part of the compensation it has offered is to reflect its failings here.

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.

The review of Mr M's account led to the application of a marker against Ms M's name. Upon reviewing the evidence, it held at the time Monzo has accepted the marker shouldn't have been applied as the requirements set out by CIFAS hadn't been met. The marker has since been removed.

Ms M says Monzo should've informed her it had applied the marker – however a marker can be applied without the relevant individual being informed. I appreciate Ms M says her lack of awareness regarding the marker meant she was unable to query it, and in her case the application of the marker was incorrect. I appreciate Ms M's point here – but there is no requirement for this action and information to be shared with an account holder, so I can't say Monzo acted incorrectly in not disclosing this to Ms M.

### *Fair compensation*

A key issue for Ms M is the impact the CIFAS marker has had on her over the years. The application of a CIFAS marker can have serious implications, and in Ms M's case I can see she has provided evidence to show the financial and personal impact the marker has had. I don't dispute the application of the marker would've had an impact on Ms M and I am sorry to see the difficulties she has experienced. Ms M says the marker has affected her access to credit over the years, her health has been affected and her property purchased was disrupted. Further Ms M says it has caused reputational damage, and emotional distress. Ms M says £2,500 compensation is fair given the impact of Monzo's error.

The Investigator considered Ms M's comments, and I can see she has asked for supporting evidence to consider whether increasing the compensation provided is fair. Ms M has provided additional evidence which I have considered very carefully. I consider the evidence regarding her property purchase to be compelling – Ms M discovered the presence of the marker through this process and there is a clear link between the presence of the marker and the delays she experienced.

However, the other evidence provided by Ms M is relevant, but in my view insufficient to show the marker had a direct impact on Ms M in the manner she has outlined. Ms M says her ability to access credit has been hindered and she has had to pay a higher rate of

interest – but this can be for a whole host of reasons and can't be solely attributed to the CIFAS marker. I also have sympathy for the health issues Ms M has outlined – and I appreciate the information she has shared about this. But I don't think it would be fair or reasonable to conclude Monzo is entirely responsible for these.

Further, reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses, and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the timeline of events and evidence, I find the compensation offer of £500 to be fair.

I know this will not be the outcome Ms M was hoping for, and she will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Monzo to compensate Ms M further.

### **Putting things right**

Monzo Bank Limited should pay Ms M £500 in compensation for the distress and inconvenience caused to her by its poor handling of her account.

### **My final decision**

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 4 March 2026.

Chandni Green  
**Ombudsman**