

The complaint

Mr D 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 D held an account with Monzo. In December 2024, he received some payments through bank transfers. However, these were reported to Monzo as being the result of fraud.

Monzo restricted the account and requested information to support why Mr D had been entitled to the funds. He said he was expecting an inheritance from his aunt in America, and the payments were from his cousins to check how easy it was for him to receive a transfer. Monzo didn't think this was satisfactory and filed a misuse of facility marker at Cifas, as it believed Mr D had been complicit in receiving fraudulent funds. It also closed the account immediately. Mr D found out about the marker and complained that he'd not done anything to cause this.

He said, his details, including his email address had been compromised and used by an unknown person and he didn't have control of his account prior to the activity starting. He said he couldn't provide any further details because he'd had to cleanse his ID and account, and information was no longer available. Monzo reviewed the matter, but it didn't think it had made a mistake with this, or in closing the account and declining to offer banking facilities. Dissatisfied, Mr D contacted us and said the marker was affecting him financially and personally day to day and he didn't think he'd been treated fairly.

One of our investigators reviewed the case and gathered some information. Mr D said, his phone, keys and card were in the car, and someone took them, and this is when the compromise happened. He said this had taken place on other accounts as well. The investigator acknowledged what Mr D had said but agreed with Monzo's analysis, that there wasn't anything to show he'd been legitimately entitled to the payments or that there had been a compromise here. She noted that only one device belonging to Mr D had been registered to the account which suggested he was in control of it. She said there were also inconsistencies in his testimony (which Monzo had seen as well), where he'd told the bank that the funds were sent by a cousin, however, he'd later said this was activity done by some unknown person. Weighing everything and without any further evidence from Mr D, she concluded Monzo had met the bar for loading the marker and there wasn't an error in closing the account either.

Mr D disagreed and said the bank hadn't investigated things properly, which had resulted in him being treated unfairly. He said that he had a former forensic accountant take a look, and although the transactions looked suspicious on the face of it, they weren't, and no code had been broken. He believed Monzo had overreacted and tried to cover its own actions. He pleaded for the marker to be removed, setting out how it was affecting him.

When an agreement couldn't be reached, 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.

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 D 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 D's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr D 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 D'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 reports, saying that funds which entered Mr D's account was because of fraud. Looking at what was reported, I'm satisfied the bank had reasonable evidence of a fraud and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Monzo asked Mr D to explain why he'd received the payments, so I'm satisfied that he was given a fair opportunity to "defend" himself. The response it got back was that the money was from his cousins as a sort of tester payment to see if he could receive a transfer from the States. Looking at the fraud reports, Monzo didn't find this satisfactory and decided to record the fraud marker. It also decided to retain it, after reviewing the case following Mr D's complaint and further information.

I've looked at the circumstances, and I don't find Monzo's position unreasonable. The fraud report details are compelling, and Mr D hasn't been able to demonstrate the claims against him were unfounded. I've reviewed Monzo's technical records of the devices attached to the account and there's no evidence of an unknown party controlling the account. Mr D initially said the sender was his cousins, so people known to him. But why would family members raise such a claim if this is what the funds were for. This heightened Monzo's concerns considering the nature of the fraud reports. Latterly, Mr D has said he believes the activity came about because of someone having his details following his information being compromised – I've considered what he's provided. But the difficulty is there isn't enough here to show this was someone else, and I think the likely explanation for that is that he knows the payments weren't legitimate. There's also the fact that a payment came into his account from another bank account in Mr D's name, which was also the subject of a fraud claim. These aren't the typical actions of an unknown party. Monzo also noted that the email

address Mr D said had been compromised was one he was still using during his complaint. Thinking about things as a collective, Mr D's account doesn't seem probable.

As part of my role, I must look at what both sides have provided and consider the weight of the evidence. Here, although Mr D has attempted to explain things, I'm satisfied Monzo had enough robust information to support its actions that it believed Mr D had been complicit in receiving illegitimate funds, with the report it received, the account activity and the lack of any credible information from him. It follows that I don't find recording the marker and closing the account was unfair (there's provision for that in the account agreement). And given the circumstances in which the account was closed, it's not unreasonable for Monzo not to wish to offer Mr D banking facilities. That's a decision it's entitled to make.

I understand this complaint is important to Mr D and I hope he's able to access appropriate support, but given the circumstances, I won't be asking Monzo to delete the marker. I must look at the information before me objectively and these are my conclusions based on the available evidence.

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 D to accept or reject my decision before 7 January 2026.

Sarita Taylor
Ombudsman