

The complaint

Ms A has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in her name, and then provided inadequate compensation after they agreed to remove the marker.

What happened

Ms A opened an account with Monzo in September 2023. This was not her main account. In April 2024 Monzo received two fraud reports from another bank about payments of £1,825 made into Ms A's Monzo account. They'd tried to query this with Ms A but were concerned about the responses they received which concentrated on changing her PIN and switching facial recognition off her device. They did get her saying this money was a gift from a friend. Monzo blocked Ms A's account.

On 28 April 2024 Ms A told Monzo she'd lost her phone and asked them to block her account as she was concerned about a third party trying to access her accounts.

Monzo was unconvinced by this and believed they had sufficient evidence to lodge a CIFAS marker and closed Ms A's account.

Ms A discovered Monzo had lodged a CIFAS marker in her name after her other accounts were closed and she was unable to open other accounts. She complained to Monzo. They felt there was enough doubt around their original decision which meant it was right to remove the marker. They offered Ms A £250 compensation for the trouble caused.

Ms A brought her complaint to the ombudsman as she felt this was inadequate. She felt compensation of a much higher figure was appropriate as she felt there'd been:

- Loss of access to banking and credit;
- Emotional distress and reputational harm;
- Long-term damage to her credit score and financial future;
- Costs and hardship over the eight months whilst a CIFAS marker was loaded on her record.

Monzo agreed to increase the compensation on offer. They felt £350 was fair. Our investigator agreed this was right.

Still unhappy, Ms A asked an ombudsman to consider her complaint.

I completed a provisional decision on 19 January 2026. I noted Ms A's powerful testimony and felt, taking all circumstances into account, that a further £150 should be paid, bringing the total compensation payable to £500.

Monzo accepted this outcome. Ms A didn't. She's written further on this issue and confirmed:

- This situation caused an exceptional breaking point in her life.
- She didn't agree that what had happened was a short-term issue and felt excluded from financial services for several months.

I now have all I need to complete 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.

Having done so, I've reached the same outcome as I did in my provisional decision. I'll explain why.

It is clear what the requirements are prior to lodging a marker. Specifically:

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous.”

Monzo must be able to provide clear evidence that an identified fraud was being committed, and Ms A was involved. This means that they must have more than a suspicion or a concern that Ms A may be involved.

There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Monzo. I can see the notifications they received from a bank about the two disputed payments made into Ms A's Monzo account. There's no doubt this money was fraudulent.

However, and Monzo now admits this too, I don't believe there was sufficient evidence to show Ms A knew about these funds or tried to make use of them. Monzo accepts they should have taken more notice of Ms A's email telling them she'd lost her phone. They've since noted the device was used from another country when trying to change the PIN and switch off facial recognition.

Monzo also agree that if they'd done this back in April 2024, then no CIFAS marker would have been lodged. This is why they've now agreed to offer £350 to Ms A.

There's no dispute this has all been very upsetting for Ms A. I've noted her well-argued testimony about the impact this has had on her.

I can see that she's had difficulty with running her finances as she didn't have access to banking services. I should say that there's no right to be granted credit so the applications she made during the period the CIFAS marker was lodged, whilst they proved unsuccessful, I've not taken into account when considering what I believe is fair and reasonable.

I have also noted the significant distress she suffered and associated emotional harm and impact on her mental health.

In response to Ms A's testimony after reviewing my provisional decision, I reconsidered the guidelines our service works to when considering monetary awards, but overall, I feel that my approach remains fair and reasonable.

I'm satisfied that what has happened to Ms A suggests there has *been* "considerable distress, upset and worry". I also think that as the CIFAS marker remained on Ms A's record for seven months, the impact lasted over many months, so agree with what Ms A has stated. I believe that an award higher than the minimum within this bracket is reasonable. I will be asking Monzo to pay a total of £500 to Ms A, which is £250 higher than their first offer. I appreciate this is considerably less than Ms A believes her case merits, but I believe this is fair and reasonable.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to pay a total of £500 compensation to Ms A for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 3 March 2026.

Sandra Quinn
Ombudsman