

The complaint

Mr H complains Monzo Bank Ltd unfairly loaded him to a fraud database.

What happened

Mr H received a payment of £100, and the sender of the money told their bank the payment was fraudulent.

The sending bank contacted Monzo, and Monzo asked Mr H about the payment.

Mr H said he wasn't sure where the money had come from, it could be friends or family, and then he said he was selling car parts.

Monzo wasn't satisfied with Mr H's explanation so it closed his account and loaded his details to a fraud database.

Mr H struggled to open new accounts or get credit, and found out about the loading. Mr H complained to Monzo but it couldn't respond in time so it told Mr H he could come to this service without Monzo fully answering his complaint.

Mr H did this, and an investigator looked into things. The investigator thought Mr H's complaint should be upheld and the fraud marker should be removed.

Mr H had sent in proof of selling car parts at the time he received the fraudulent payment. And Mr H sent in proof he'd since set up a limited company, selling car parts, the sideline he'd been doing was now an ongoing business.

Mr H accepted this assessment, and asked about prosecuting the person who sent him the money. But Monzo disagreed, and said Mr H received the payment before the limited company, or his business bank account, had been set up.

And Monzo said the victim of the fraud had said the payment was for something other than car parts, so it wouldn't remove the fraud marker. Monzo asked for an ombudsman to decide Mr H's complaint.

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've looked at what Mr H sent in, and he included screenshots of an online marketplace, showing he was listing car parts before and after he received the fraudulent payment.

The investigator didn't send this to Monzo, so I can understand it saying Mr H hasn't shown he was selling car parts at the time, only later.

But I'm satisfied Mr H was selling car parts when he received the fraudulent payment.

And I accept the person sending the money told their bank they were paying for a service, not for car parts.

For Monzo to fairly load Mr H to a fraud database it has to show Mr H received a fraudulent payment and he knew, or should reasonably have known, the payment wasn't one he was entitled to.

I'm satisfied the person sending the payment claimed it was fraudulent, and I'm satisfied Monzo could then consider the payment fraudulent.

Monzo reached out to Mr H when he received the payment, to ask some questions around why he'd received it, in an effort to decide if Mr H knew, or should have known, the payment was fraudulent.

Mr H told Monzo he wasn't sure where the money was from, and didn't provide any evidence about any sales he'd made.

I don't think it's unreasonable Monzo applied the fraud marker at the time.

But the evidential bar for a fraud marker is, rightly, higher than a simple balance of probabilities. A fraud marker can have a serious impact on someone, so I think Monzo needs more evidence to show Mr H knowingly received a fraudulent payment.

Looking at how Mr H used his Monzo account, he often received payments from third parties. It seems Mr H knows some of these people, they often paid in, but other payments were single payments in, and I think it's likely these people were buying things from Mr H.

Mr H also had a flex account with Monzo, he owed it some money, and Mr H seemed very worried about paying this debt when Monzo closed his account. Lots of the chats after his account was blocked and closed were about paying Monzo its money back.

Mr H had also held his Monzo account for some time.

Considering all of this together, I don't think Mr H knowingly received a fraudulent payment into his Monzo account. I think it's more likely the person sending the money wanted to send it to Mr H, and maybe something went wrong with what they bought.

I accept Mr H doesn't have proof of any purchase the sender made, but I've also considered the amount Mr H received. The fraudulent payment was only £100, and Mr H had received payments of much more prior to this one.

And I don't think, on balance, Mr H would have taken the risk of knowingly receiving a small fraudulent payment into his main account, one he was using to receive other payments from people and one where he seems to be buying and selling from.

I realise there's little conclusive proof Mr H was entitled to the payment he received, but where evidence is incomplete I can make a decision on the balance of probabilities, what I think is more likely to have happened.

And looking at all the evidence, and the lack of it, I'm more persuaded Mr H was legitimately selling things and receiving payments into his Monzo account. And, overall, I'm more

persuaded Mr H received this payment without knowing it was fraudulent.

This is quite a balanced decision, and I don't think Monzo acted unreasonably in loading Mr H to the fraud database when it did.

Because of this, I don't think Monzo needs to compensate Mr H for the effect the loading's had on him.

But I don't think Monzo has enough evidence to fairly maintain the loading, I don't think there's enough evidence to show Mr H knowingly accepted a fraudulent payment.

So, I think the fair outcome to Mr H's complaint is Monzo removes Mr H's details from the fraud database.

Mr H asked about prosecuting the sender of the payment, but this isn't something this service or Monzo could help with. Mr H might want to get some free legal advice about his options in pursuing the sender of the money.

My final decision

My final decision is I uphold this complaint and Monzo Bank Ltd should remove all loadings in respect of Mr H it's made to any fraud databases.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 January 2026.

Chris Russ
Ombudsman