

The complaint

Mr I complains Monzo Bank Ltd recorded a marker against him on a fraud database. He doesn't think it's treated him fairly.

What happened

A summary of what happened is below.

Mr I received a payment into his Monzo account through a bank transfer in May 2023. Some of the funds were transferred to a third-party. However, the payment was later reported to Monzo as being the result of a scam.

Monzo reviewed the report and account activity and decided to file a misuse of facility marker at Cifas, as it believed he had been complicit in receiving fraudulent funds. It also closed the account. Mr I found out about the marker and asked Monzo to remove it in 2025, explaining his cousin had offered to help him during a period of financial hardship, which involved him receiving payments for them and then sending them on. He said he'd been naïve and not realised that anything was inherently wrong.

Monzo reviewed the loading, but it didn't think it had made a mistake. Dissatisfied, Mr I contacted us and said the marker was affecting him financially and personally and he wished to challenge the bank's decision because he didn't think it was proportionate or fair.

One of our investigators reviewed the case and gathered some information. Mr I said his cousin had arranged to send multiple payments to his account, which he'd passed to them as instructed. In return his cousin allowed him to keep a small payment for himself. He said he hadn't known enough to think this could be fraudulent. He added that he no longer had his old WhatsApp messages between him and his cousin about this.

The investigator acknowledged what Mr I had said and provided but she didn't think Monzo had done anything wrong in recording the marker, noting he would have known his involvement wasn't legitimate, given that he was receiving and sending funds that his cousin could have easily had sent to themselves. Furthermore, there wasn't any tangible evidence to support his version of events. The investigator didn't find any error by the bank in closing the account either.

Mr I disagreed with the outcome and asked for his case to be passed to an ombudsman. Amongst other things, he said:

- This was one small transaction that was flagged.
- Monzo hadn't followed due process before filing the marker to get his side of the story. Therefore, he'd been denied an opportunity to defend himself.
- He was 22 and not familiar with the UK banking system and vulnerable due to his financial situation. He believed he'd been exploited.
- He didn't think Monzo had been transparent in its decision making or met the evidential requirements for Cifas.

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 read all the submissions, and I hope the fact that I do not respond in a similar manner will not be taken as a discourtesy. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made, but to concentrate on what I consider to be the crux of the issues.

Both parties will also be familiar with the requirements for recording fraud markers of this nature, so, I'm not going to repeat those here – they were documented in the investigator's outcome letter.

Monzo should have reached out to Mr I at the time but just because it didn't, isn't the end of the matter as it has since reviewed the case.

Monzo placed a Cifas marker on Mr I's record because it felt it had enough evidence. I've reviewed what happened and I've considered what Mr I has said about him being exploited. However, the bank has in its possession information that's rigorous in the form of a compelling fraud report and a review of the account activity¹, where there was not just this payment but others that went through Mr I's account from unknown parties. Mr I says his knowledge of the UK banking system was limited, so this didn't raise alarm bells, but I don't find this persuasive in explaining his involvement. I think a reasonable person would question the need for funds to go through their account to this extent and why they couldn't be paid to his cousin direct. Thinking about this and the fact that Mr I was promised some money in return, I'm not persuaded he wouldn't have understood this activity was inherently wrong and it's this that's facilitated the fraud. In addition to this, there is the difficulty that there isn't any direct supporting evidence of a third-party taking advantage of Mr I in the way that he's described. Whilst Monzo didn't contact him about the payment, it did notify him that it was closing his account, so I think Mr I could have volunteered this information then, that he's submitted now, because the sudden closure of an account is no insignificant matter. Here, I've not seen a satisfactory explanation as to why Mr I didn't. All of these matters collectively, point to Mr I knowing more about what was going on with his account, which shows complicity.

Overall, I don't think Monzo has acted unfairly in maintaining the fraud marker or in closing the account (for completeness there's provision for that in the account agreement). And I'm afraid, the fact that Mr I regrets his involvement isn't enough to alter this position.

Given the above, I won't be requiring Monzo to remove the loading. I appreciate that my decision will come as a great frustration and disappointment to Mr I and I hope he's able to get some support with the difficulties he's facing. But ultimately, I must review the evidence objectively, and these are my conclusions.

My final decision

My final decision is that I don't uphold this complaint.

¹ Where there are sensitivities surrounding evidence supplied in confidence, I have to balance expectations with the impact sharing information might have on our ability to receive and consider evidence provided in confidence. Our rules (DISP 3.5.9(2)R) allow me to do this. I will be keeping the information confidential, but I'd like to assure Mr I that I have reviewed it impartially as my role requires.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 16 March 2026.

Sarita Taylor
Ombudsman