

The complaint

Mr G 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 G held an account with Monzo. In May 2024, he received some payments from a third-party, through bank transfers. He moved the funds into an account he held elsewhere. However, the payments were reported to Monzo as being the result of a scam.

Monzo contacted Mr G and requested information to support the activity on his account. However, when it didn't get a response, it concluded its review, filing a misuse of facility marker at Cifas, as it believed he had been complicit in receiving fraudulent funds. It also closed the account.

Mr G found out about the marker and complained to Monzo this year that he'd not done anything to cause this. He said that the incident had occurred after he'd only just arrived in the UK, when he'd asked to borrow money from a colleague at work. He'd sent them his account details not knowing they had fraudulent intentions. He said he was naïve, and it came as a surprise shock when he'd got a message from Monzo requesting evidence of the payments. He said he'd tried contacting his colleague, but they'd stop responding, which was the time his account was closed.

Monzo reviewed the information but didn't think it had made a mistake in the steps it had taken. Dissatisfied, Mr G contacted us and said the marker was affecting him financially and personally, and he wished to challenge the bank's decision.

An investigator gathered information from both sides. Mr G said he'd only asked to borrow £100, however, his colleague had sent him a lot more. They said he could keep what he needed and to convert the rest and send it to their Naira bank account, which he'd done. He added that when he'd heard from Monzo, he contacted his colleague for details about the payments, but they'd stopped responding and blocked him.

The investigator acknowledged what Mr G said but didn't find it persuasive that he hadn't been directly involved in receiving illegitimate payments. In particular, she noted that Mr G had sent both payments to himself at an account he held elsewhere and his Monzo statements hadn't shown him sending the funds to his colleague, so she didn't think his version of events stacked up. And she also noted Mr G didn't have any supporting evidence, such as, messages, showing him asking to borrow the money.

Weighing everything, she concluded Monzo had met the bar for loading the fraud marker.

Mr G didn't agree and provided a response submitting he hadn't acted fraudulently. He provided some screen shots of messages he said were with his colleague from August, where he'd contacted them about the situation. He believed these interactions showed he was innocent.

The investigator sent these to Monzo who didn't think these made a difference to their decision. The investigator considered the case further but didn't find it was enough to change the outcome.

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.

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 have reviewed the information impartially and objectively as my role requires to reach what I think is a fair outcome.

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 G 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 G's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr G was deliberately dishonest in receiving the fraudulent payment and knew it was or might be 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 G'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 received a report, saying that funds which entered Mr G's account was because of a fraud. Looking at what was reported, I'm satisfied the bank had reasonable evidence of a scam and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Monzo made attempts to contact Mr G. It asked him to explain why he'd received the payments in question. Faced with no response, a compelling fraud report and the account activity, Monzo had reasonable grounds for loading the fraud marker and closing the account. I'm satisfied there weren't any inadequacies in how it handled things.

Monzo also decided to retain the marker, after reviewing the case following Mr G's complaint and further information. I've also looked at this and don't consider Monzo's position is

unjustified. I say this because, if Mr G had genuinely borrowed money and these funds had come from a colleague, then there's no reason why he couldn't have said that to Monzo who wanted to hear from him. To not respond at all, is highly concerning and I think suggests Mr G knew the payments weren't legitimate. Beyond this, the difficulty here is that there is no tangible evidence to support Mr G asking for a loan from a colleague. Whilst he's provided some screen shots, these are after the event and still don't reference a loan. There's also the point that all the disputed payments went to another account in Mr G's name.

I'm sorry but overall, the circumstances suggest he was complicit in receiving fraudulent funds and I'm satisfied there's enough rigorous information on Monzo side to support and retain the loading. As part of my role, I must look at what both sides have provided and consider the weight of the evidence. Here, although Mr G has attempted to explain things, I'm satisfied Monzo had sufficient information to support its actions that it believed Mr G had been complicit in receiving illegitimate funds, with the report it received, his lack of response and supporting information that he'd asked for a loan etc. It follows that I don't find recording the marker and closing the account was unfair (for completeness there's provision for that in the account agreement).

I understand how important this matter is to Mr G because of the difficulties he's facing, and that he might not have appreciated the consequences of this activity, in terms of a fraud marker, but I must also look at everything objectively and these are my conclusions based on the available evidence. In closing, this decision ends our review of this complaint.

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 G to accept or reject my decision before 19 February 2026.

Sarita Taylor
Ombudsman