

The complaint

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

What happened

I issued my provisional decision on this complaint, setting out what I intended to find and why. I asked the parties to respond by the deadline that was set. Below is a copy of my provisional decision.

Copy of provisional decision

A summary of what happened is below.

Mr S held an account with Monzo. In October 2023 he received £300 through a bank transfer. He transferred the funds to a third party in two payments of £220 and £80. However, the incoming payment was later reported to Monzo by another bank as being the result of a scam.

Monzo restricted the account and requested information to support why Mr S had been entitled to the funds. When it didn't get a response, it filed a misuse of facility marker at Cifas, as it believed he had been complicit in receiving fraudulent funds. It also closed the account. Mr S found out about the marker and complained that he'd not done anything to cause this. He asked Monzo to remove the fraud marker.

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

One of our investigators reviewed the case and gathered some information. Mr S said he'd done some construction work for a builder for a week and shared his account details with them so that they could pay him. He said his wages were £300, for which he'd been paid £200 in cash with another £100 pending. The person who'd employed him had then contacted him to say that they'd sent him £300 by mistake and could he send all the funds to the person that they had intended to pay. Mr S said he didn't think anything of this and simply did as he was asked.

The investigator acknowledged what Mr S said but she felt Monzo had enough information to support its decision to load his details onto Cifas, noting he didn't have any supporting evidence of what he'd described had happened and his entitlement to the funds. Mr S disagreed with the outcome. He said he'd been lied to by the person that had arranged to send the funds. He followed this up by providing a video recording of a call between him and the person he'd worked for, taken after the event, which he believed showed he was an innocent party. The investigator reviewed this (sharing the details with Monzo). She was satisfied this was enough to show Mr S hadn't been complicit in receiving and benefiting from fraudulent funds, setting out her analysis of the call and Mr S's circumstances at the time. She thought Mr S had been naïve, particularly as he was new to the UK, but she didn't

think there was enough to say he had been dishonest or acted fraudulently. In the circumstances, she recommended Monzo delete the loading.

Monzo disagreed with the outcome – it said that whilst Mr S was new to the UK, he should have exercised caution before allowing his account to receive fraudulent funds. It also didn't think it could rule out the possibility that the call had been staged and was concerned Mr S hadn't mentioned any of this, when it had reached out to him previously. Monzo asked for the case to be reviewed by an ombudsman.

What I've provisionally 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 S 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 S's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Mr S 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 S's account and he was complicit. And I'm satisfied that it has. I'll explain why by addressing what I consider are the material points.

Monzo has provided evidence that it received a report, saying that funds which entered Mr S's account was because of a scam. I've examined the report, and 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. I'd like to assure Mr S that I have reviewed this evidence impartially and objectively as my role requires.

Monzo asked Mr S to explain why he'd received the payment, so I'm satisfied that he was given a fair opportunity to explain his side. If Mr S believed the transfer was a genuine arrangement and there'd been a mistake in the amount sent to him, I'd have expected him to have said so, but not to have engaged at all is a concern, especially when Monzo informed him that it would be closing his account following the block. Given this, I can understand why Monzo took the steps it did in recording the marker. I think it was justified in light of the fraud report and account activity in exiting the funds.

Monzo also decided to retain the fraud marker, after reviewing the case following Mr S's complaint. I've looked at the circumstances, and I don't find the bank's position

unreasonable. I say this because, Mr S didn't offer any supporting information. He's since submitted an explanation of what he says happened, but Monzo didn't find this persuasive. Mr S said he was owed wages, and this is why he shared his account details. However, if this was the case, it doesn't make sense why he didn't keep some of the money that was owed, after all that's why he says he gave out his account details. Instead, he transferred the whole amount to someone else he didn't know. He said, "I don't know SK and never seen him".

After consistently mentioning £100 to us, Mr S later said he was owed £80. He said he'd initially sent £220 to the third party intending to keep £80. But I don't see how Mr S could have been mistaken about the amounts because he has also said he was "jobless" and in "urgent need of work", which is why he took the job with the builder and had given his account details so he could be paid. He also goes on to say that he never actually received payment. He says,

"...he didn't send my money and never picked my calls"

From this, I think the events are likely to have stuck in his mind and he's unlikely to have been mistaken. And there is nothing submitted to show Mr S asking why he hasn't received his wages immediately after transferring the funds on. The explanation doesn't quite stack up.

I've also gone onto examine the screen shots Mr S has provided. But there isn't any mention of a mistake with the payment. Mr S has explained that's because this happened separately in a phone call. However, there's no evidence of a call.

The text messages also suggest Mr S was checking his account for the arrival of the funds, so I think he would have seen that the payment hadn't come from the party he'd been expecting it from. Yet he didn't question this, and I think a reasonable person would have done that, unless they were expecting the payment from someone else, which I think based on what I have, is more likely than not here. A further point of note is that there was no guarantee that Mr S would send the £300 he'd received allegedly in error and so the party arranging for the funds to be sent to his account ran the risk of not getting hold of the funds. Looking at things, I think the circumstances are suggestive of Mr S being complicit in receiving and sending on illegitimate funds and knowing that to be the case. And I'm satisfied that the information Monzo currently holds is robust.

As part of my role, I must look at what both sides have provided and consider the weight of what's before me. Here, although Mr S has attempted to explain things, I'm satisfied Monzo had enough information to support its actions that it believed Mr S had been complicit in receiving illegitimate funds, with the report it received, the account activity, and the lack of persuasive information from him. I have considered the video he's provided but as this interaction happened after the event, it's difficult for me to place any great reliance on it and this was Monzo's view. Which I don't think is unreasonable. 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 S and I hope he's able to access support, but I must also look at the evidence objectively and these are my provisional conclusions based on the current available evidence.

My provisional decision

My provisional decision is that I don't intend to uphold this complaint and so, I won't be requiring Monzo Bank Ltd to take any action.

Responses

Monzo had nothing further to add. Mr S responded to say that he didn't accept the decision and highlighted the impact on him of leaving the marker. He felt our service should contact the person that had made the fraud report to their bank, to verify what had happened because this would prove his innocence. He said he was prepared to pay the money to the bank.

When the deadline expired, the case was passed back to me.

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 know how much this matter means to Mr S, and I'm sorry to have to give him disappointing news, but I haven't seen anything compelling to change my mind. Mr S feels we need to contact the party that filed the fraud report to their bank, but we don't because their bank will have carried out an investigation before contacting Monzo and I've seen the report. I also need to decide whether I think Monzo had sufficient information to record the fraud marker with the information it had and I believe it did. Ultimately, Monzo got a fraud report from another bank where there was reasonable evidence and information to suggest Mr S's account had been in receipt of fraudulent funds. I appreciate he's tried to explain what happened, but as set out in my provisional decision, my analysis of this is that it isn't persuasive for the reasons I gave. Unfortunately, nothing I've seen now has changed my view. And payment of the funds doesn't change the nature of the activity on the account.

It follows that I have decided to adopt my provisional decision as part of this final decision and won't be requiring Monzo to do anymore. In closing, whilst this decision completes our involvement in Mr S's complaint, there's nothing preventing him from pursuing this matter through other channels, for example, the courts.

My final decision

My final decision is that I don't uphold this complaint and so, won't be requiring Monzo Bank Ltd to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 February 2026.

Sarita Taylor
Ombudsman