

The complaint

Mr A complains Monzo Bank Ltd unfairly closed his account and applied a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against his name.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr A held a Monzo account, and on 16 November 2025 Monzo informed him it would be closing his account with immediate effect. Monzo didn't provide a reason for this decision and told Mr A to make alternative banking arrangements.

Monzo loaded a CIFAS marker against Mr A on 23 November 2025. Mr A raised a formal complaint with Monzo in December 2025, explaining the application of the marker was unfair and its presence was impacting his ability to access accounts and was causing him distress. In particular Mr A stated he was unable to receive benefits, and his mental health was affected.

Monzo reviewed Mr A's concerns and in its final response letter dated 12 January 2026 it explained it had followed the correct process in adding the CIFAS loading, and it was unable to remove the marker. Monzo confirmed it wouldn't disclose the exact details of why the marker was applied due to its internal procedures.

Unhappy with the response, Mr A referred his complaint to our service. An Investigator looked into Mr A's complaint and gathered the relevant evidence. The Investigator didn't think the complaint should be upheld. The Investigator explained this was because:

- The loading of a CIFAS marker was fair and Monzo had provided evidence to show the standard of proof had been met.
- Mr A's testimony and evidence wasn't sufficient in explaining the account activity and his entitlement to the funds.

Mr A didn't accept the Investigator's findings and maintained he had been treated unfairly. Mr A says receiving funds does not equate to fraud and he was unwitting in his receipt of funds. Mr A reiterated the marker was having a negative impact on his ability to access financial services and his overall well-being.

As no agreement could be reached the complaint was referred to me – an ombudsman – for 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.

I appreciate Mr A was disappointed by the Investigator's opinion. I'd like to reassure Mr A that I've considered the whole file and what's he's said. But I'll concentrate my comments on

what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo Bank has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr A, but I'd like to reassure him that I have considered everything that he's told us.

As a UK financial business, Monzo is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Monzo needs to restrict, or in some cases go as far as closing, customers' accounts.

As part of these regulatory duties, businesses will use databases to share information. CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Monzo is not required to prove beyond reasonable doubt that Mr A is guilty of a fraud or financial crime, but it must show that there are grounds more than mere suspicion or concern. CIFAS 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 such that the member could confidently report the conduct of the subject to the police.

What this means is that Monzo will need strong evidence to show that Mr A has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action. The application of a CIFAS marker can have serious consequences for an individual, so this service expects business to carry out a thorough review of the available evidence.

My role is to establish if Monzo has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Mr A. Monzo has provided this service with details of the investigation it carried out following the fraud report it received and Mr A's complaint. This included a detailed review of Mr A's account activity and testimony.

Around the time it loaded the marker against Mr A, he had provided some details about an incoming payment. Mr A said he was told he would be sent some money and to forward on some and keep some. Mr A claimed to have never met this person, but they knew someone who owed him money. Mr A says there was a disagreement between these individuals, and this is why the issues have now been raised. Mr A provided some screenshots, but these didn't have dates or times and didn't clearly support Mr A's version of events. The ambiguity

in Mr A's testimony and lack of supporting evidence to corroborate his comments means I think Monzo acted reasonably in loading the marker against Mr A based on the evidence it held.

When Mr A referred the complaint to this service, he reiterated his version of events and said he was the unwitting recipient of fraudulent funds. Mr A went through the screenshots of messages between him and the individual linked to the dispute. Mr A said these showed his role in the transactions was passive and he wasn't acting fraudulently. The Investigator didn't find this evidence persuasive.

Whilst the complaint was awaiting review by an ombudsman Mr A provided further submissions – this was evidence to show the two individuals who were involved in the transfers to his account had continued to transact with each other after his account closed. Mr A says this shows that funds were sent to his account willingly and there was no wrongdoing on his part. I've considered this evidence, but I don't find it changes the overall position that Monzo received fraud reports about incoming payments, and these weren't revoked at any point. Mr A has also previously stated these individuals had a disagreement, but now states they continued to transact with each other. I find Mr A's submissions contradictory and implausible.

Overall Mr A's comments and the supporting evidence don't allay the concerns regarding fraud and clearly show he is entitled to the funds. My review of this information, alongside the submissions made by Monzo to this service has led me to the same view reached by the Investigator. The evidence available equates to more than mere suspicion or concern of fraudulent activity. I therefore find that the marker was loaded fairly. It also follows that Monzo's decision to immediately close Mr A's account was fair and in keeping with the account terms and conditions.

In his response to the view Mr A has referred to proportionality and says the actions taken by Monzo are extreme, and the application of the marker for six years doesn't take into account his circumstances. I appreciate Mr A's faced challenges with his mental health. However, the framework in place with CIFAS is intended to be a clear deterrent and assists in fighting financial crime. Monzo does not decide how long a marker is applied for – this is set by CIFAS, and it isn't an issue Monzo has direct control over.

Mr A has also referenced the information Monzo has shared with us in confidence. Mr A says his lack of access to this is unfair as the Investigator has placed significant weight on it. I appreciate Mr A's frustration, but given the information has been shared in confidence, as our rules allow, it wouldn't be appropriate to share the details with Mr A. I can however assure him that I have considered this evidence and his submissions carefully before reaching by decision. After doing so I consider Monzo's actions to be fair and reasonable.

Monzo has accepted that when it closed Mr A's account there was a delay in releasing funds to him. To recognise this shortcoming Monzo has offered to pay Mr A £50 for the inconvenience caused. Mr A can contact Monzo directly should he wish to accept this offer.

I appreciate Mr A will be disappointed with my decision and I fully appreciate the impact the fraud marker is having on him. But I am satisfied Monzo acted reasonably in taking this action to discharge its regulatory obligations. I hope my decision provides some clarity around why I won't be asking Monzo to take any further action.

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 A to accept or reject my decision before 9 April 2026.

Chandni Green
Ombudsman