

## **The complaint**

Miss B complains that Monzo Bank Ltd closed her account and unfairly loaded a marker about her at Cifas the national fraud database. She would like substantial compensation.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reason for my 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.

Having done so I've decided to partially uphold the complaint. I'll explain why below.

The marker that Monzo filed with Cifas against Miss B is intended to record that there's been a 'misuse of facility' – relating to using her account to receive fraudulent funds. In order to file such a marker, they're not required to prove beyond reasonable doubt that Miss B is guilty of a fraud or financial crime, but they must show that there are grounds for 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.

What this means in practice is that a bank must first be able to show that fraudulent funds have entered Miss B's account, whether they are retained or pass through the account.

Secondly, the bank will need to have strong evidence to show that the consumer was deliberately dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. But a marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show deliberate complicity. There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

Here Miss B received funds into her account that were confirmed by a third -party bank to have originated from fraud.

I have seen evidence that Monzo contacted Miss B seeking an explanation about the funds that came into her account. Miss B didn't respond to Monzo's request. Monzo decided to register a marker against Miss B in April 2025 for misuse of facility.

Miss B has said she didn't receive any email or phone communication from Monzo and that had she done so she would have responded straight away. Miss B thinks Monzo shouldn't have registered the marker without hearing from her first.

Some of the evidence I've seen shows that Monzo did contact Miss B to ask for information regarding the incoming payment. Although I accept that Miss B may not have seen the email and didn't respond. Based on Miss B's lack of response and the evidence Monzo already had I don't think it unreasonable that they loaded the marker.

When Miss B discovered the marker in September 2025, she complained to Monzo asking them to remove it.

Monzo have accepted that they should not have registered the marker against Miss B and this was an error on their part. They have removed the marker and offered a total of £350 compensation for the distress caused to Miss B.

Miss B has said she incurred costs of £1,000 on specialist financial assistance to help remove the Cifas marker. Her credit score was affected, and she has also lost a long-standing account with another bank. She said she didn't proceed with a mortgage application because of the marker. Her credit card limit was also reduced. Miss B has said that this unfair Cifas loading has had a significant financial impact on her and has caused her a lot of stress and has had an effect on her mental health.

I'd like to thank Miss B for letting us know the situation she was in at the time of her account closure.

There isn't a set formula that we use to calculate awards for mistakes or poor service. It's my role to consider what impact Monzo's actions have had on Miss B and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances. To determine this, I've thought about the extent and impact Monzo's error had on Miss B.

Firstly, I've considered whether Monzo should fairly cover Miss B's £1,000 expenses incurred for specialist Cifas assistance. Miss B has said she needed this in order to challenge the Cifas marker quickly.

Our service provides an informal dispute resolution service as an alternative to the courts. While we take relevant law, regulation and good industry practice into account we make decisions based on what's fair and reasonable in all the circumstances.

Complainants don't need any specialist knowledge or representation to bring a complaint to us. So, while a consumer can choose to instruct solicitors or get paid specialist help. I wouldn't usually consider it fair to require a respondent, in this case Monzo to pay their costs for doing so. I can require a respondent to pay reasonable costs if I consider the circumstances make it fair and reasonable to do so. Miss B understandably wanted the matter sorted out quickly, but I'm not persuaded she needed to get paid specialist help, or that the matter was sorted out any sooner because of it. So, I won't be asking Monzo to cover these costs.

I am aware that things have been difficult for Miss B and she has said she has suffered distress and inconvenience as a result of these issues.

Miss B has mentioned that her financial health has suffered as a result of the Cifas marker and she wants compensation for this. I am aware that as a result of the closure of Miss B's Monzo account she was left with some debts which were not of her making, which she has had to deal with. I am also aware that Miss B has another complaint with our service dealing with this. Because of this I can't say the Cifas marker on its own was responsible for the financial issues Miss B was experiencing. I can't fairly ignore other adverse markers which arise out of the same set of circumstances.

Miss B has said that due to the marker another bank which I shall call bank N closed her long-standing account and she was faced with substantial disruption, distress and inconvenience while the matter was resolved. I appreciate that the marker as well as the issues raised in her second complaint with our service have caused Miss B a lot of difficulty and she has had a lot of sorting out to do. But looking at all the circumstances of this particular complaint and the evidence provided to me; I'm satisfied that £350 proposed compensation from Monzo is a reasonable amount in these circumstances. And I won't be asking them to provide any more.

### **My final decision**

My final decision is that I partially uphold Miss B's complaint about Monzo Bank Ltd.

I direct Monzo Bank Ltd to pay Miss B £350 for her material distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 April 2026.

Esperanza Fuentes  
**Ombudsman**