

The complaint

Mr M has complained Monzo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In 2023 Mr M was told by Monzo that they were closing his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr M subsequently discovered the use of his other bank account was restricted. This was impacting his reselling business.

Mr M complained and asked Monzo to remove the marker. Monzo didn't feel they'd done anything wrong and refused to remove this.

Mr M brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and wouldn't ask Monzo to remove the marker.

Mr M disagreed with this outcome. He's asked an ombudsman to consider his complaint.

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 reached the same outcome as our investigator. I'll explain why.

It is clear what the requirements are prior to lodging a marker. Specifically:

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous.”

So Monzo must be able to provide clear evidence that an identified fraud was being committed and Mr M was involved.

There's also a requirement that Monzo should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Monzo. This confirms they received a notification from one of their customers and a customer of another bank that they had sent money to Mr M's Monzo account but didn't get the goods they thought they were purchasing.

Mr M has told us he was selling items he'd bought elsewhere to resell. These were generally leisure clothing. He's shared details of his business. I can see he registered this business with Companies House in 2022.

Mr M has not been able to provide us with any correspondence which shows he was selling clothing to the two individual who made payments of £135 and £209.95 to his Monzo account. These payments were subsequently disputed. Mr M had immediately withdrawn money in cash as well as transferring the rest to his other account where he told us he managed most of his finances for the business.

I've considered all of this but I'm not convinced by his testimony that he wasn't aware of what may have been going on.

I say this because I've reviewed the evidence Monzo has shared with us. The two individuals believed they were purchasing iPhones or similar despite Mr M telling us he was selling leisure clothing. I know Mr M has told us he was scammed but it seems odd to me that this only happened with the two payments he decided to have directed to his Monzo account, rather than those using his other account as normal.

And in any case, there's no evidence Mr M supplied goods to the customers who have disputed payments or been able to provide us with any records of these transactions.

I note Monzo did contact Mr M to question his entitlement to the money. Monzo says they never got a response which Mr M admits.

The requirements around banks lodging markers at CIFAS include there being sufficient evidence that the customer was aware and involved in what was going on. In this case I think this most likely exists here from reviewing the reasons payments were made into Mr M's Monzo account.

On this basis I don't believe it would be fair and reasonable to ask Monzo to remove the CIFAS marker.

My final decision

For the reasons given, my final decision is not to uphold Mr M's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 September 2024.

Sandra Quinn
Ombudsman