

The complaint

Mr L is unhappy that Monzo Bank Ltd applied a Cifas marker against his name. He wants the marker removed.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr L opened an account with Monzo in September 2021. A £260 credit was received into his account on 22 March 2023 – putting the account in credit after being overdrawn. I'll refer to the payee as 'D'. Mr L then made a £200 payment to a third party, with the remaining account funds (£42.96) sent to another account held in Mr L's name.

Monzo received a report from the D's banking provider to say the £260 transaction was fraudulent. Monzo sent a message to Mr L on their in-app chat, on 13 April 2023, which said:

"As a regulated bank, from time to time we need to reach out to our customers to gain further insight into them and the ways in which they use their account. This is to ensure we remain within our legal and regulatory responsibilities.

Therefore, please could you spare 5 minutes to provide us with the following information.

Recently, you have received the following credits into your Monzo account, please could you provide us with some information regarding what these payments represent and why you have received them?

22 March 2023 – Payment from (D) - £260

Please could you provide us with some documentation or screenshots of conversations that evidences your entitlement to these funds?"

Mr L didn't reply to this message. Monzo closed Mr L's account and they also applied a 'misuse of facility' marker against him with Cifas.

One of Mr L's other banking providers told him they were closing his account in late 2023. Mr L contacted Cifas and received confirmation in January 2024 that Monzo had applied the marker against him. Mr L then contacted Monzo about the marker, complaining that he wanted it removed.

Monzo didn't uphold Mr L's complaint. They said they'd correctly registered the Cifas marker against him as, upon review, they found they'd followed their internal procedures. Because of this, they wouldn't be removing the Cifas marker.

As Mr L remained dissatisfied, he referred his complaint to the Financial Ombudsman. Mr L said he didn't use the Monzo account often and that he hadn't misused it. He also explained that, in March 2022, he lent a work colleague £200 in cash and it was returned to him a couple weeks later by fund transfer into his Monzo account. Mr L said he spent about £80 of this on a train ticket with the rest of the funds transferred to another of his bank accounts.

Our Investigator didn't think Monzo had acted unreasonably by applying the Cifas marker. He considered what Mr L had said and the impact the marker was having on him. But from

the evidence he'd received, our Investigator thought Monzo followed the correct steps in communicating with Mr L about the matter before the Cifas marker was applied. And he said the testimony Mr L had provided wasn't consistent with the evidence he'd received – so he didn't think Monzo were wrong to apply the marker.

Mr L disagreed and so the matter has been passed to me to decide. He reiterated that he hadn't done anything on purpose for a Cifas marker to be applied. Mr L said it should be removed as he is innocent and getting blamed for no reason.

Before making my final decision, I shared the above in-app chat message to Mr L that was sent to him in April 2023 and asked him to explain why he received the funds, who they originated from and to provide evidence (such as documents or screenshots of conversations) to show his entitlement to the funds.

Mr L said he wasn't aware of the message Monzo sent him and he can't recall them contacting him. But he said the £260 credit was either from his parents or friends – and it wasn't a large amount as the Monzo account wasn't his day-to-day spending account.

I asked Mr L for further clarification about this £260 transaction. And he said the money came from a friend who owed him money – which he said he'd already explained to our Investigator. But he couldn't provide any texts to evidence this as he says he requested the return of this money over the phone. And he's unaware of where this money came from, or the extra amount, but he simply asked for it back. Mr L added that he was with another friend at the time who is his witness to this. And he reiterated that he has nothing to do with fraud, but suggested it was committed by the friend who transferred the money to his account.

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.

Mr L has explained that the Cifas marker has impacted him greatly, particularly due to the closure of his accounts with other banking providers. But while I know this won't be the outcome Mr L is hoping for, for largely the same reasons as our Investigator, I don't think Monzo has unfairly applied the marker. I'll explain why.

For the Cifas marker to have been applied fairly, Monzo needs to have more than a suspicion or concern. They must show they had reasonable grounds to believe that a fraud or financial crime had been committed or attempted. And the evidence must be clear, relevant and rigorous.

Having considered the evidence carefully, I'm satisfied Monzo has been able to demonstrate they've met the first of the two standards I've listed above. Monzo has shown they received a report from a third-party bank showing the £260 transaction was reported as fraud by the account holder. This clearly meets the bar that there are reasonable grounds to believe that a fraud or financial crime has been committed. So, I've gone on to consider if Monzo has been able to meet the second of the above two standards

Before registering the Cifas marker, Monzo asked Mr L about the £260 payment and asked him to evidence his entitlement to the funds – which is what I would expect in circumstances whereby a report of fraud from a payee's banking provider has been received. Although Mr L has said he wasn't aware of this message, I'm satisfied it was sent. And in the absence of a response or the requested information being provided, I think it was reasonable for Monzo to apply the Cifas marker at the time.

I have however considered Mr L's testimony since he referred this matter to the Financial Ombudsman. Having done so, I've found his testimony inconsistent and contradictory to his actual account usage. Mr L initially referred to a £200 payment being received from a work colleague after he'd lent that person the money. And that he used £80 of this to pay for a

train ticket, with the remaining funds sent to one of his other bank accounts. Mr L says this happened in March 2022. Having reviewed Mr L's account statements there isn't a £200 transaction showing in, or close to, March 2022.

There was however a £200 transaction in March 2023, but this was a debit payment. And even if there has been some confusion around the year in which this transaction happened, it was money sent and not received. There also wasn't a £80 train ticket purchased on Mr L's Monzo account at that time as he claimed. And when I asked Mr L about the £260 payment, he firstly told us that it came from his parents or friends. He's since said it came from a friend. But given the name of the payee was shown on the transaction when I queried it with Mr L, I would've reasonably expected him to have easily identified whether it had come from his parents or not. Because of this, I find Mr L's testimony unpersuasive here.

Furthermore, Mr L hasn't been able to provide any evidence to show his entitlement to these funds or to substantiate that the payment came from the work colleague. I'm aware that Mr L has said another friend witnessed his phone conversation in which he requested repayment of the money he lent. But while I've noted this, the friend wouldn't be an independent witness and so it wouldn't be fair or reasonable for me to put too much reliance on this.

Overall and having considered everything, I'm satisfied that Monzo acted fairly in applying the Cifas marker as I don't think Mr L has been able to sufficiently demonstrate he was entitled to the £260 payment for legitimate reasons. I therefore don't think Monzo has to do anything further.

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 L to accept or reject my decision before 13 September 2024.

Daniel O'Dell
Ombudsman