

The complaint

Mr S complains that Monzo Bank Ltd unfairly closed his account and registered a CIFAS marker against him. CIFAS is the UK's fraud alert service.

What happened

Mr S had an account with Monzo.

In December 2022, two payments, totalling just over £1,200 were made into Mr S's account. Mr S immediately transferred all but £100 of the money into an account he held with a different bank.

Following this Monzo were notified by another bank that the two payments that had been made into Mr S's account were fraudulent.

Monzo blocked Mr S's account and decided it needed to look into how he was operating his account. Following its review, it placed a fraud marker against Mr S's name with CIFAS. This was for misuse of a facility. Monzo also decided to close Mr S's account immediately.

Mr S complained to Monzo. He explained that he hadn't been involved in any fraud and that the payments had been made by a friend, who I will refer to as B. Mr S said that B had contacted him and asked if he could put money into Mr S's Monzo account. Mr S said that B asked him to send the money back to B's and another friend's account. Mr S said he didn't think there was anything wrong with doing this as he had done this for friends many times in the past.

Mr S said the marker was causing him a lot of problems opening another bank account and he asked Monzo to remove the marker. Monzo looked into Mr S's complaint but didn't uphold it. It said it had closed Mr S's account in line with the terms and had loaded Mr S fairly with CIFAS. Unhappy with this response Mr S brought his complaint to our service.

An investigator looked into Mr S's complaint. She asked Mr S about the payments into his account and whether he had any evidence to support his explanation. Mr S said he didn't know the sender of the payments that were made into his account and that his friend had asked if he could send payments to his account, which he was then to send on to his friend.

Mr S provided screenshots of messages he says were from B supporting his explanation. The investigator noticed that Mr S hadn't sent all of the money on – as he'd been instructed by B and had retained £100. Mr S said that B had told him he could keep £100 as payment for doing him B a favour. However, he said he also sent this back to B a few days later. Mr S maintained that he hadn't done anything wrong and had no idea the payments were fraudulent.

Monzo didn't provide us with any information about Mr S's complaint. So, the investigator upheld Mr S's complaint and said that Monzo should remove the marker and pay him £100 compensation for any trouble and upset the matter had caused him.

Mr S agreed. In response to the investigator's view, Monzo submitted more information. The investigator reviewed everything again and said that Monzo hadn't done anything wrong when it closed Mr S's account and loaded a marker against him.

Mr S disagreed. He wants the marker removed. He said he'd simply made a mistake by allowing the payments to come into his account. He said the marker was making it very difficult from him to open a bank account and would impact his ability to receive his wages in the future. He provided the investigator with screenshots of conversations between him and B which he says shows he wasn't a witting participant in fraud.

As no agreement could be reached the matter has come to me to decide.

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'll deal first with Monzo's decision to block and close Mr S's account. Monzo has extensive legal and regulatory responsibilities they must meet when providing account services to customers. Having looked at all the evidence, I'm satisfied that Monzo acted in accordance with these obligations when it blocked and reviewed Mr S's account. And that it was entitled to do so under the account terms and conditions.

Monzo was also within its rights to close Mr S's account and did so line with the account terms and relevant regulations. So, I can't say Monzo have done anything wrong when it closed Mr S's account.

I've next moved on to consider the loading of the CIFAS marker against Mr S. When a business is a member of CIFAS it can record a marker against an individual customer when that customer has used their account fraudulently. This type of marker will stay on record for six years and will usually make it difficult for a customer to take out new financial products as Mr S says he has encountered.

The marker that Monzo have filed with CIFAS is intended to record that there's been a 'misuse of facility' – relating to using the account to receive fraudulent funds. In order to file such a marker, they're not required to prove beyond reasonable doubt that Mr S is guilty of a fraud of 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 such that the member could confidently report the conduct of the subject to the police."*

What this means in practice is that a bank 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 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.

So, I need to consider whether Monzo have sufficient evidence to meet the standard of proof and load a marker for misuse of facility with CIFAS. Having looked at all the information provided, I'm satisfied they have, and I say this because:

- I've seen evidence from Monzo showing that another bank notified them that Mr S received two fraudulent payments into his account on 11 December 2022. The payments were for a total of just over £1,200 and were paid into Mr S's account via bank transfer all from the same source, which I will refer to as C.
- Mr S has explained his friend, B, had asked him to receive payments into his account. But he hasn't offered any further explanation about what led to this request. I find it surprising that Mr S thought funds from his friend should be paid using a named reference unrelated to his friend, with no evidence of links between Mr S's friend and the sender of the funds - C. Even more surprising is that Mr S didn't question why he was being sent funds in this manner. With this in mind I think Mr S knew or ought reasonably to have known, that the account was being used for fraudulent purposes.
- Monzo has provided evidence to show that Mr S moved the money paid into his account immediately into another account he held with a different bank – so not into an account belonging to B as Mr S has suggested. From looking at Mr S's bank statements I can also see that Mr S kept back £100 for himself out of the fraudulent payments.
- Mr S hasn't disputed these transactions, so it's likely he was responsible for moving the fraudulent funds quickly through his account and onto his other account. I think this action is significant. It's also contrary to what Mr S told the investigator about the destination of the money which was that it was going to B's account and another individual known to B.
- Mr S hasn't offered any explanation for why he moved the money into an account belonging to him. He's said he kept £100 as payment from B for doing him a favour in allowing the payments to move through his account. I find it an unusual arrangement that Mr S would be paid by a friend for doing something that took just minutes. I don't see how he could reasonably expect to make such a return himself. I think this suggests Mr S was most likely expecting the payments that were paid into his account in December 2022. And benefitted from fraudulent funds.
- If Mr S had been the unwitting beneficiary of fraudulent funds, as he's suggested, I would've expected him to alert Monzo at the time in order that his account could be safeguarded against fraud. But I haven't seen that he did so.
- The only evidence he's provided is a screenshot which suggests others are involved. Having looked at the screenshots I'm not persuaded that this shows Mr S was an unwitting beneficiary of fraudulent funds as he's suggested. I say this because it doesn't give a complete account of how Mr S became involved. So, it's not clear to me why Mr S was happy to receive money from others on behalf of B.
- I've considered what Mr S says about the impact the marker has had on him. But he hasn't described being placed under any duress or being especially vulnerable. In my view I think it's most likely he allowed his Monzo account to be used for receiving fraudulent funds. I think he was a willing participant in this and in moving the money on and reasonably knew this wasn't a legitimate activity.

So, when I weigh everything up, I'm not persuaded by Mr S's version of events that he knows nothing about the fraudulent payments. Having looked at all the evidence, I think there would've been good grounds to report the events here to the police to investigate, and that Monzo was therefore justified in placing a CIFAS marker against Mr S's name. I think the evidence shows that Mr S was involved in a misuse of facility as a money mule. I also think it more likely than not that Mr S knew rather more about the account activity than he's told Monzo or this service. So, I won't be asking Monzo to remove the marker.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 April 2024.

Sharon Kerrison
Ombudsman