

The complaint

Mr D complains that Monzo Bank Ltd blocked and then closed his account. It then did not return to him all the funds which had been in the account.

What happened

Mr D held an account with Monzo. Amongst other things, he used it to trade crypto-currency.

On 25 November 2023 Monzo blocked Mr D's account so that it could carry out a review. On 5 December 2023 Monzo took the decision to close the account with immediate effect. It asked Mr D for details of the account to which it should transfer any funds owing to him. The balance on the account at the time was just under £13,800. Monzo said that Mr D should receive his money within two to four weeks.

Monzo returned £3,000 to Mr D on 13 February 2024, and a further £1,028.82 on 21 February 2024. Mr D said this left £9,700 due to him, representing the proceeds of sale of crypto-currency on 27 November 2023. Following its review, Monzo returned that sum to source.

Mr D complained about Monzo's actions. He said that the block placed on the account had left him without access to funds while he was away from home. He thought the review had taken too long and that he should have been given at least 60 days' notice of the closure of the account. He said too that the money which was returned to source was payment for crypto-currency which he had demonstrated he had provided. It was not fair that he had not been paid for it.

Monzo thought that it had acted fairly and in line with the terms of the account and with its legal and regulatory obligations. It did however note that there had been a delay in returning the funds paid on 21 February 2023; they should have been returned on or about 2 January 2023. It offered to pay interest of £11.27 and a further £150 in recognition of the inconvenience caused as a result of the delay. Mr D did not accept Monzo's offer, and so one of our investigators considered what had happened.

Having done that, the investigator issued a preliminary assessment. She concluded, in summary, that Monzo's offer was fair and reasonable in all the circumstances. She said that Monzo should pay Mr D £161.27 to resolve the complaint (if it had not already done so).

Mr D did not accept the investigator's recommendation and asked that an ombudsman review the case.

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.

Banks can carry out reviews of customers' accounts, and in some cases are under a legal or regulatory duty to do so. It may be appropriate to place restrictions on or to block an account while a review is carried out. I think it was reasonable for Monzo to review Mr D's account in this case, and for it to block the account while it did so.

In my view, the review was completed within a reasonable time. Whilst I appreciate that the block on the account caused Mr D some inconvenience, therefore, I do not believe I can fairly require Monzo to compensate him for that.

It is generally for banks to decide whether to provide, or to continue to provide, account services to any particular customer. They can exercise their commercial discretion in such matters and, as long as that discretion is exercised legitimately, this service won't usually intervene. I have considered that issue here, and am satisfied that Monzo's decision to close Mr D's account in the way that it did was a legitimate one. Barclays did not have to tell Mr D exactly why it had decided to close the account.

I turn then to the return of funds to Mr D. Monzo returned £3,000 on 13 February 2024. This was outside the time estimate which Monzo had given Mr D, but I am satisfied it was reasonable, given the checks which needed to be completed. Monzo has acknowledged a delay in returning the funds paid to Mr D on 21 February 2023, but I think its offer in recognition of that is fair.

As far as the £9,700 returned to source is concerned, I believe that was a fair and reasonable action for Monzo to take. I note that Mr D says this means that the person who received crypto-currency from him has not paid for it. If that is the case, he may of course be able to take it up with them – possibly through the trading platform he used – but I do not believe it would be fair to require Monzo to refund him.

Putting things right

As I have indicated, Monzo has made an offer, which I consider to be fair and reasonable in all the circumstances. I will nevertheless make a formal award, so that Mr D can enforce it, should he need to do so.

My final decision

My final decision is that, to resolve Mr D's complaint in full, Monzo Bank Ltd should pay him £161.27.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 August 2024.

Mike Ingram
Ombudsman