

The complaint

Mr W complains that Monzo Bank Ltd closed his account. Mr W is also unhappy that Monzo asked him to provide identification so that it could process a data subject access request. Mr W wants his account reopened and compensation.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr W had a current account with Monzo.

In August 2023, Monzo reviewed Mr W's account. Following its review, on 4 August 2023, Monzo decided to close Mr W's account immediately. Monzo wrote to Mr W via email to let him know it was no longer able to provide him with banking services.

Mr W wasn't happy with this and complained. He asked Monzo to explain why it no longer wanted him as a customer. Monzo said it wasn't obliged to provide Mr W with an explanation. Mr W maintained that he wanted the reasons that sat behind Monzo's decision. So, he told Monzo he wanted to submit a subject access request (DSAR). In response, Monzo said that it was happy to process a DSAR for Mr W, but in order to do so, Mr W would first have to complete its identification verification security process. And it set out the timescales that the bank had to respond to any DSAR submitted.

Mr W brought his complaint to our service. He said he wasn't able to comply with Monzo's request via Monzo's banking app due to his account being closed. And said he wasn't happy to send Monzo his identification documents via email as he thinks that would be a breach of data protection legislation. To put things right he said Monzo should reopen his account and pay him £100 compensation for the unprofessional manner in which it dealt with his DSAR.

One of our investigators reviewed the complaint. She thought Monzo hadn't done anything wrong when it closed Mr W's account. She said Monzo had acted in line with their legal and regulatory obligations when it did so. And had closed the account in line with the terms and conditions.

Mr W disagreed. He said Monzo asked his for his ID out of the blue and wants Monzo to provide a proper explanation why it closed his account. He said he would send his ID in via letter and wasn't happy to complete the process via email.

As no agreement could be reached the complaint 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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Monzo has treated Mr W fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'll deal firstly with Monzo's decision to close Mr W's account. Sometimes following a review, a bank will decide to close an account. Monzo is entitled to close an account with Mr W just as he is entitled to close his account with Monzo. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. I've looked at the terms and conditions and they state that Monzo could close Mr W's account by giving at least two months' notice. And in certain circumstances it could close the account immediately, which is what happened here.

For Monzo to act fairly here it needed to meet the criteria to apply the terms for immediate closure. And having looked at these terms and all the evidence, I'm satisfied that Monzo has applied the terms fairly. It follows that Monzo was entitled to close the account as it did.

I've then gone on to consider whether the bank's reasons for closing the account was fair. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Monzo has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr W due to its commercial sensitivity. But I've seen nothing to suggest Monzo's decision around closing Mr W's account was unfair.

I understand of course why Mr W wants to know the exact reasons behind Monzo's decision to close his account. It can't be pleasant being told you are no longer wanted as a customer. But Monzo doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr W the reasons why it closed his account, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr W this information. And it wouldn't be appropriate for me to require it to do so.

Mr W has also expressed his dissatisfaction about Monzo's verification processes in relation to the DSAR – in particular that Monzo asked him to submit a selfie photograph in order to be able to process Mr W's request. Mr W says he thinks Monzo has behaved unprofessionally when dealing with his request and wants compensation. He has explained that Monzo asked him for ID out of the blue and wasn't comfortable sending information via email.

Monzo has explained that asking a customer to provide photo identification is one of the ways it keeps its accounts safe and ensures that the bank is speaking to the account holder. It said it was simply following its internal processes when it asked Mr W to verify his ID.

Having looked at all the evidence, I don't think Monzo treated Mr W unfairly when it asked him to complete its ID verification process. There is a requirement for Monzo to protect its customers' accounts from fraud and to comply with its legal and regulatory obligations. With

that in mind, I don't consider it unfair for Monzo to ask Mr W to complete its verification checks via email, and I don't think it unreasonable that Monzo hasn't offered him an alternative process in order to complete its security checks. So, it wouldn't be appropriate for me to direct Monzo to pay Mr W compensation to resolve this aspect of his complaint, since I'm not persuaded it treated Mr W unfairly.

In summary, I know this will be disappointing for Mr W, but with everything I've seen I'm satisfied that Monzo has acted appropriately here and that it has treated Mr W fairly, so I won't be asking it do do anything to resolve Mr W's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

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

Sharon Kerrison
Ombudsman