

## **The complaint**

Mr H complains that Monzo Bank Ltd ('Monzo') closed his account and didn't give him a reason why. He wants his account to be reopened.

## **What happened**

Mr H opened a personal and a business account with Monzo in November 2022. In June 2023 Mr H decided to close his business account. A few days later the personal account was blocked by Monzo temporarily. Mr H got in touch with Monzo and the account was unblocked. But the account was blocked again a week or so later. Mr H called Monzo who unblocked the account on the same day.

At the same time, Monzo wrote to Mr H to say it had decided to close the account by giving him 60 days' notice. It said that he would be able to access the account during this time but it wasn't able to tell him why the account was being closed. Mr H closed the account himself later in June 2023.

Mr H complained to Monzo but it didn't uphold his complaint. It said it had correctly followed its legal and regulatory obligations in closing Mr H's account with 60 days' notice. It added that it followed its internal procedures correctly and wouldn't be able to reopen the account or offer Mr H a new one.

Mr H then brought his complaint to us and said he wanted his account to be reopened. He added that he didn't think Monzo had any reason to close his account. He said that no longer having a personal account with Monzo meant he could no longer access another business account he had with his partners for a business they run together. He said anything he needs to do on that account he now needs to do through his business partners which is inconvenient. He also had to go through the trouble of setting up another personal account with another bank.

Monzo didn't respond to our request for information initially, so our investigator upheld the complaint and awarded Mr H £100 compensation. But he said he wouldn't be able to ask Monzo to reopen the account. Mr H didn't initially agree and said he wanted the account to be reopened and to be given a reason as to why it was closed in the first place. He thought Monzo had acted unfairly and that it breached its terms and conditions. Our investigator didn't change his view and Mr H later accepted his recommendation.

After our investigator's initial review Monzo provided its file to us. Our investigator issued a further view and said that he didn't think Monzo had acted unfairly or unreasonably in closing the account by giving Mr H 60 days 'notice. Our investigator said Monzo was acting in line

with its legal and regulatory obligations and also its terms and conditions. Our investigator didn't award any compensation to Mr H.

Mr H didn't agree and asked for an ombudsman's decision. He said he felt he was back at square one and wasn't able to understand why his account had been closed.

The matter was then passed 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.

It might be helpful if I start off by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. As our investigator said, Monzo has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Monzo will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result.

I've also considered the basis for Monzo's review, which I find was legitimate and in line with its legal and regulatory obligations. Having reviewed all the evidence, including the information Monzo provided in response to the investigator's view, I'm satisfied that it was acting in line with its legal and regulatory obligations when it briefly froze Mr H's account.

I should also add that I don't think Monzo is under any obligation to disclose to its customers what triggers a review of their accounts. For this reason, I can't say that it's done anything wrong by not giving Mr H this information. And it wouldn't be appropriate for me to require it to do so.

Monzo's terms and conditions say that it can close an account by giving notice or with immediate effect in certain circumstances.

Having looked at all the evidence and the terms and conditions I'm satisfied that Monzo was acting fairly and reasonably when it decided to close the account with 60 days' notice. Monzo has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Monzo's decision around closing Mr H's account was unfair.

Mr H wants his account to be reopened. It's generally for financial institutions to decide whether or not they want to provide or continue to provide banking facilities to a particular

customer. Each financial institution has its own criteria and risk assessments for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there is a very good reason to do so, this service won't usually say that a financial institution must keep a customer or require it to compensate a customer who has had their account closed. For this reason, I am not asking Monzo to reopen the account.

For completeness I will add that in one of his emails to us Mr H mentioned the consumer duty but as Monzo decided to close the account before the consumer duty came into force in July 2023, this isn't something I have considered.

Overall, I appreciate that Mr H would have been frustrated and also inconvenienced by Monzo's decision to close his account. And it must have been disappointing to be told that Monzo didn't wish to offer him its services anymore. So I appreciate he will be disappointed with my decision. But for the reasons I provided above, I think Monzo's actions in these specific circumstances were fair and reasonable.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 July 2024.

Anastasia Serdari  
**Ombudsman**