

The complaint

Mr C has complained that Monzo Bank Ltd ('Monzo') closed his account without notice. He wants it to acknowledge that this shouldn't have happened and do something about it.

What happened

Mr C had a current and a joint account with Monzo for a number of years. This decision is about his sole account.

In October 2023 Monzo wrote to Mr C to let him know that it had blocked his account and had decided to close it with immediate effect. Mr C said he was abroad at the time and, as this was his main account, this could have left him stranded there. Mr C said he didn't do anything that would warrant an immediate closure and that two months' notice should have been given as per Monzo's terms and conditions. He was also concerned that a fraud marker may have been recorded against him which could have impacted his job.

Mr C complained to Monzo but it didn't uphold his complaint. It said its decision was correct and it was in line with its terms and conditions. Around the same time, in a separate communication with Mr C, it said that it hadn't registered a fraud marker against him.

Mr C then brought his complaint to us. He said it was irresponsible for Monzo to stop him from accessing his account while he was abroad and that luckily he was with family who were able to help him. He said he had the added stress of having to rearrange payments and direct debits so no bills were missed. Mr C said he wants Monzo to acknowledge the account shouldn't have been closed instantly and to do something about it.

Mr C also told us that the immediate closure meant that his arranged overdraft became due immediately and that he had to arrange a repayment plan with Monzo to avoid defaulting. He was also concerned that the closure would impact his job and that it took some time for Monzo to confirm that no fraud markers were registered against him.

One of our investigators reviewed the complaint but didn't think it should be upheld. He thought Monzo's actions were in line with its terms and conditions as well as its legal and regulatory obligations.

Mr C didn't agree and asked for an ombudsman's decision. He insisted he had done nothing wrong and had not breached Monzo's terms and conditions.

The matter was then passed to me to decide. Before I issued my decision, we asked Mr C about three particular payments received into his account in September 2023 before the account was closed. Mr C said he didn't recognise those transactions and that he had

reported this to Monzo at the time via its app but never heard back. Mr C said he clicked on a button to say he didn't recognise the transactions. Mr C also provided evidence showing that he had raised this as well as his account closure in an online forum after his account had been closed.

We also made enquiries with Monzo who said it didn't have any evidence of Mr C reporting this via its online chat function. It added that if a customer clicks on a transaction via its app to say that they don't recognise it they will be taken to another page so they can report a dispute or fraud. It didn't have a record of this happening in this case.

We made Mr C aware of Monzo's comments and informed him I would be proceeding with my decision.

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. 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.

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

Having reviewed all the evidence, including the information Monzo provided in response to the investigator's view, I'm satisfied that Monzo was acting in line with its legal and regulatory obligations when it restricted Mr C's account in October 2023.

I've also considered the basis for Monzo's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Monzo acted fairly by blocking Mr C's account.

Having looked at all the evidence and the terms and conditions I'm satisfied that Monzo was acting fairly and reasonably when it closed the account with immediate effect. 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 C's account was unfair or unreasonable based on the evidence it had available to it at the time.

I fully appreciate that Mr C says he was greatly impacted by Monzo's actions, and I understand he will be disappointed with my decision. He said he could have been left stranded abroad though thankfully his family was able to help him. Ultimately, as I said above, Monzo has legal and regulatory obligations it must comply with and, in these specific circumstances, I think its actions were in line with those obligations as well as within its terms and conditions.

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 C to accept or reject my decision before 5 August 2024.

Anastasia Serdari
Ombudsman