

The complaint

Mr C complains that Monzo Bank Limited blocked and closed his account without good reason and without proper assessment. He complains too that Monzo held onto the funds in the account and about the way in which it handled a data subject access request.

What happened

Mr C held an account with Monzo. On 17 July 2023 Monzo blocked the account and told Mr C that it would be closed. Its notification asked Mr C to provide details of the account to which the balance of £185.85 should be transferred.

Mr C asked to know why Monzo had taken the decision to close the account. It said that it could not tell him.

Mr C tried to make a data subject access request (DSAR). Monzo said that it needed to verify his identity before it could comply with that request. Mr C said he was concerned about security and privacy, which he did not think Monzo's processed adequately addressed.

Mr C's account was closed on 16 August 2023. Mr C complained to Monzo. It replied to the complaint and, in a final response letter of 27 September 2023, said that it would not be upholding the complaint and provided Mr C with information about how he could refer the matter to this service. Mr C contacted us with his complaint.

Initially, Monzo said that it thought this service had no power to consider the matter, since it had been referred to us more than six months after the letter of 27 September 2023. We explained however that we had received the case within that period and that we could in fact look at it. Monzo accepted that.

One of our investigators considered what had happened. He concluded, in summary:

- Monzo had been within its rights to block and then close the account.
- It had been prepared to send funds to Mr C, but he had not provided details of the account to which payment should be made.
- It was reasonable of Monzo to require identification before dealing with the DSAR. Since Mr C had not provided the information requested, it was reasonable too not to proceed with it.

Mr C did not accept the investigator's assessment 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.

Mr C has made lengthy submissions in the course of bringing this complaint, not just about the closure of his account, but also about Monzo's operations more widely and about this service and certain aspects of the financial services industry. That is of course a perfectly legitimate thing to do, and complainants should not feel restricted in the arguments they can put forward. However, the Financial Ombudsman Service was established by statute to be an informal dispute resolution service which deals with individual complaints about financial services. It is not therefore appropriate or necessary in this case for me to address every point which Mr C has made. I can however assure him and Monzo that I have considered very carefully all the he has said before reaching this final decision.

I should mention too that our rules allow us to accept evidence in confidence. In this case, much of Monzo's evidence was sent to this service with a request that it not be disclosed to Mr C. The investigator agreed that that request was reasonable, and I agree with that assessment.

I turn then to Monzo's decision to close Mr C's account. I note that Mr C accepts that Monzo had the right to close his account, and that is the approach this service generally takes as well. It is for banks to exercise their commercial discretion in deciding whether to provide, or to continue to provide, account services to any particular customer.

That said, a bank should give reasonable notice before closing an account. What is reasonable depends on the circumstances, but two months' notice is usually sufficient – and that was what Monzo's terms provided for in normal circumstances.

In this case, Monzo closed the account one month after it had told Mr C that it was planning to do so. And it also blocked the account in the meantime.

Banks have certain legal and regulatory obligations, which in some cases may mean it is appropriate for them to restrict the use of an account, or even to block it. I am satisfied in this case that it was reasonable of Monzo to block Mr C's account and then to close it on one month's notice.

Where a customer is wrongly deprived of funds (for example, because a bank has wrongly blocked an account or has delayed in returning them), this service will often make an award of interest. I have considered whether that would be appropriate in this case – because Mr C was entitled to the money on the account when it was closed.

I note however that Monzo was prepared to return the funds to Mr C but that he declined to give instructions about their return until certain conditions had been met. He is entitled to set such conditions, of course, but in my view it would not then be fair to award him interest on those funds. I do not therefore propose to make any award in respect of the funds on the account or interest on them. If Mr C wants the funds returned it is for him to provide Monzo with payment instructions, if he has not already done so.

Finally, I turn to the DSAR. Mr C says he discussed his request with Monzo in a call of 19 February 2024. Mr C says that Monzo told him it could not comply with the request because he had not passed security. Monzo says that it does not have a recording of that call. Given that it says Mr C did not pass security, I find that plausible.

Mr C on the other hand says that he does have a recording. He has however declined to provide it to us. There is no obligation on him to do so if, for whatever reason, he does not want to – even though he believes it might help his case. But it does mean that evidence about the call is more limited than it might otherwise be.

Be that as it may, it was not in my view unreasonable of Monzo to seek to verify the caller's identity before complying with a request to provide them with Mr C's personal information.

My final decision

For these reasons, my final decision is that I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 February 2025.

Mike Ingram
Ombudsman