DRN-2521325

The complaint

Mr L complains that Monzo Bank Ltd blocked and then closed his bank account.

What happened

Mr L had an account with Monzo.

Monzo decided to review how Mr L was operating his account. Whilst it conducted its review the bank blocked Mr L's account. The bank released Mr L's closing balance of just over £5 on 26 July 2020. Following this Monzo closed Mr L's account.

Mr L complained to Monzo about closing his account. He explained he'd been a loyal customer of the bank and had maintained his account properly. And asked the bank to reopen his account. Monzo said it had acted in accordance with the terms of the account and relevant regulations. And wouldn't reopen Mr L's account. However, Monzo accepted it should have dealt with Mr L's complaint sooner than it did. And paid him £50 compensation.

Mr L wasn't happy with this response, so he brought his complaint to our service where an investigator considered it. The investigator didn't uphold Mr L's complaint. She said Monzo hadn't done anything wrong when it reviewed and closed Mr L's account. And that it wasn't obliged to provide Mr L with an explanation for why it no longer wanted him as a customer.

Mr L didn't accept the investigator's view. He wants the bank to provide a proper explanation. And to reopen his account.

As no agreement could be reached the matter 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.

The crux of Mr L's complaint is that he wants Monzo to reopen his bank account. He says he hasn't done anything which would've caused Monzo to close his account and always maintained his account properly. So, he says Monzo has treated him unfairly when it closed his account.

Firstly, the investigator was right to point out that Monzo has important legal and regulatory obligations it must meet when providing accounts to customers. These obligations are ongoing, so do not only pertain to when an account is opened. To comply with its obligations Monzo may need to review an account and/or restrict its customer's access. If Monzo didn't comply with its obligations it could risk serious sanction.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Monzo to block Mr L's account. Monzo has explained that this was its standard procedure, and I accept that it was. So, whilst I accept this caused Mr L inconvenience, I can't say Monzo treated him unfairly when it blocked his account.

I understand Mr L wants Monzo to explain the reason it applied the block to his account. But Monzo doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr L the reasons behind the account review and block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr L this information. And it wouldn't be appropriate for me to require it do so.

I then turn to the bank's decision to close Mr L's account. It's generally for banks 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 customer or require it to compensate a customer who has had their account closed.

Banks should however, give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case Monzo closed Mr L's account immediately. Having looked at all the evidence, in my view that was reasonable given the banks concerns about how Mr L was operating his account. So, it was entitled to close the account as it has already done. And I won't be asking the bank to reopen Mr L's account. I've also noted that Mr L had at least one other bank account. And that it returned Mr L's closing balance to him on the same day the account was closed. So, I think the impact on Mr L would have been reduced.

I can also see that Monzo accepted it should have dealt with Mr L's complaint sooner than it did and that there were delays before it addressed his concerns about the account closure. I can see that the bank has paid Mr L £50 compensation for any inconvenience this caused him. I think this is fair. So, I won't be asking the bank to do anything more.

In summary, I realise Mr L will be disappointed by my decision. But I don't believe Monzo acted unreasonably or treated him unfairly in taking the actions it did.

My final decision

For the reasons I've explained, I don't uphold Ms L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 29 April 2021.

Sharon Kerrison
Ombudsman