

The complaint

Mr L complains that he couldn't operate his Fixed Savings Pot or close his account with Monzo Bank Ltd (Monzo).

What happened

Mr L opened a Fixed Savings Pot with Monzo in June 2019. Its balance was £500. It matured in June 2020. The funds were transferred to his Monzo current account. In September 2020, he transferred the balance to another bank.

Mr L complained that he couldn't add money to the Fixed Savings Pot or withdraw money from it. He said it wasn't clear when he opened the account – and Monzo advertised that this was possible. When he wanted to close his current account with Monzo, he wanted them to send him a cheque, but they wouldn't. He then transferred the balance to another bank himself, but he wanted Monzo to close the account – but he didn't want to go through their online ID process to close it. He considered that the original ID that he'd provided should be enough.

Monzo said that Mr L agreed to the terms and conditions of the Fixed Savings Pot when he opened it. They would've been accepted by Mr L – as it wasn't possible for it to be opened without that taking place. The terms of the account said that there couldn't be any additions or withdrawals of money to it until the end of its term. In August 2020, Monzo said the balance of Mr L's account had to be zero for them to close it – unless he switched to another bank using the current account switching service. This could be set up using Monzo's app. Monzo told us that Mr L transferred his balance to another bank in September 2020.

Mr L brought his complaint to this service. Our investigator said that maybe Monzo wasn't a bank that suited Mr L – it's an online bank with no branches. She said that the Fixed Savings Pot's app shown at application for the account – showed that you can't add or withdraw money until the end of the term. So Monzo had acted fairly in not allowing Mr L to withdraw money before the end of the term. Monzo didn't offer customers a chequebook - so it was reasonable for them not to send Mr L a cheque for the balance of his account when he asked for it. They'd offered him the option of making a transfer to another bank within the app. In order to close Mr L's account, they needed to see up to date ID, or Mr L could close it himself by going into the app. He didn't want to do this.

Mr L asked that his complaint be looked at by an ombudsman.

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.

At the outset – let me say that our role is an informal dispute resolution service. We do not regulate banks. Mr L has made some comments and views about the wider legal and regulatory obligations of Monzo – and as such I'm not going to address those. Our role to

consider the arguments of both sides of his complaint and come to what we believe is a fair and reasonable outcome.

It's the case that Monzo is an online bank – it has no branches. It told us that any money must be paid in through Paypoint. Almost all contact with it is done online, through its app. They don't give customers a chequebook. And the Fixed Savings Pot was provided through a third party. That's what customers using Monzo get – and it's probably fair to say that it suits a lot of customers – but not all.

So – when Mr L applied for the Fixed Savings Pot, he accepted its terms and conditions within the application process. He picked a rate and term and the message was displayed:

“Starts with £500..Can't add or withdraw money until term ends”

It went on to say *“Adding and withdrawing...As this is a Fixed Savings Pot, you can't add or withdraw money until the end of the term you...choose. Even we can't withdraw your money”*

Mr L has complained he wasn't aware of this – but it looks to me that it was made clear to him at the application stage. I've also looked at the terms and conditions for the Fixed Rate Pot and they also say *“You can't add money to your Savings Pot after you've created it. The initial deposit you make will be the amount that earns interest for you.”* They also say *“Can I withdraw money?...No. Your money is locked in for the length of the term you choose”*.

This was clearly a fixed rate savings account – and it would be very common for any such account offered by most banks and building societies to have the same, or similar, conditions. So, I can't say that Monzo acted unreasonably here.

Mr L has said to us that he didn't accept the terms and conditions as he didn't sign anything or get anything in writing. Nor did he realise the savings account was operated by a third party. I've considered this. I can see he was shown the details and rules of the Fixed Savings Pot in the online application process. I can also see that the terms and conditions were shown and a summary of them. And it also said the savings pot would be operated by another party. The way that Monzo operate is that they're an online bank and so, given this, I can't say that they acted unreasonably here.

Mr L wanted Monzo to send him a cheque for the balance of his current account and then close it. But – he was frustrated as Monzo said they didn't issue cheques. As our investigator said, they don't even provide a chequebook to its customers - I'm afraid it's just not part of how Monzo do business – and they offered Mr L the option of making a transfer of money to another bank within the app – and that's what Mr L did in September 2020. And so, I can't say they acted unreasonably.

In order to close Mr L's current account, Monzo ask for up to date ID. Mr L says they should've relied on what he gave them when his account was opened. He also says he's concerned about identity theft. But Monzo told us that to prevent fraud, their processes are to ask for new ID at that stage – and from what I have seen, that seems reasonable. Mr L could also have requested the account to be closed within the app when he transferred the balance to another bank in September 2020. But he didn't. So – to close his account, Mr L must close it through the app; or by providing fresh ID within the in-app chat where they could verify his ID with a PIN entry or a new selfie.

I can see that Mr L feels strongly about what happened. But I've reviewed everything, and I don't think that Monzo acted unreasonably here – and so, I won't be asking them to do anymore.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 3 June 2021.

Martin Lord
Ombudsman