

The complaint

Mr S complains that Monzo Bank Ltd (Monzo) has unfairly charged him fees for withdrawing cash. And that it hasn't adequately supported him in light of his vulnerabilities.

What happened

Mr S holds a bank account with Monzo. In October 2020, it introduced a 3% fee on cash machine (ATM) withdrawals over £250 in a 30-day period. It seems he was notified about this in advance via email, but didn't see the message as it went to his junk folder.

In early November 2020, Mr S was charged due to the level of his cash withdrawals. When he complained to Monzo, it agreed to refund the fees as a one-off. It also explained how the fees would apply going forward.

Shortly after, Mr S incurred further fees for ATM withdrawals. He's explained that he needed emergency funds, and used the cash for gambling – something which he struggles with – in a bid to raise the money he needed. He complained to Monzo about the new fees. He also explained that he was vulnerable. He wanted to arrange for a friend to speak to Monzo on his behalf. But it said this would only be possible with Power of Attorney. Mr S was unhappy about this.

Monzo didn't agree to refund the fees, but paid him £50 compensation for the upset caused by how the matter had been handled.

Mr S referred the matter to our service. He also decided to close his Monzo account, as he was unhappy with the level of support provided. Our investigator thought the fees Mr S was disputing had been applied fairly. But they thought Monzo ought to have done more to support Mr S, given what he'd disclosed about his circumstances. In particular, they thought Monzo should have done more in response to his request to nominate a friend to speak on his behalf. They recommended a further £250 compensation (£300 in total).

Mr S accepted the investigator's view – but Monzo didn't. It disputed that it should have added a friend to the account with *"no authority"*. It said it would offer a further £100 compensation, but Mr S didn't accept this. And the investigator still thought £300 overall would be a fair settlement. So the case has now been passed to me to consider.

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.

Having done so, I agree with the conclusions reached by the investigator. I'll explain why.

Whilst I understand and appreciate why Mr S made these transactions, I'm not persuaded it would be fair to direct Monzo to refund the ATM fees. These were applied in line with the terms of the account, after the fees had been directly explained to Mr S and after he'd already been refunded some earlier fees. Although Mr S used the funds for gambling, I can't see that he told Monzo about this. Nor was it apparent from how he was using the account. In all the circumstances, I'm satisfied the fees were applied correctly and fairly.

When speaking to Monzo in the aftermath of the fees being applied, Mr S asked about nominating a friend to speak on his behalf. He's explained he was having difficulty remembering about the fees. But Monzo said it would require Power of Attorney.

Mr S says he's been able to make similar arrangements with other banks without Power of Attorney. I recognise that not all businesses will follow the same procedures, and that there is a need to ensure suitable authority is in place for safeguarding reasons. But in all the circumstances, I don't think Monzo did enough to support Mr S with his request.

It's clear Mr S is a vulnerable consumer. It seems Monzo recognises this. He was upfront about his circumstances, and was at times in a state of crisis when he contacted Monzo. The financial regulator (FCA) has made it clear that businesses need to treat vulnerable customers fairly. That may involve adjusting their processes to meet their customers' needs.

I understand Monzo's qualms about allowing someone unfettered, long-term access to (for example) make transactions on the account. But I think there's a clear distinction between this – and allowing someone else to help relay messages/updates between Mr S and Monzo, with his consent, whilst he was struggling with his physical and mental health. I don't consider that an unreasonable request. Allowing such an arrangement would have made it easier and less distressing for Mr S to manage his account.

I don't think Monzo showed enough flexibility to Mr S in light of his needs. In line with good industry practice, I think it ought to have done more to facilitate his request.

Monzo offered £50 compensation for service issues, which it subsequently increased to £150. Thinking about what Mr S has told us about the impact on him, I agree with our investigator that this doesn't adequately reflect the distress and inconvenience he's suffered due to its errors. Given his circumstances at the time of the request, and looking at the contact records, it's clear he was finding it very distressing to speak to Monzo directly. For the reasons given above, I think Monzo could and should have alleviated this by being more flexible and proactive in offering him support as a vulnerable consumer. I therefore agree that £300 compensation in total – so a further £250 on top of what has already been paid – would be a fair and reasonable way to resolve this complaint.

Putting things right

To put things right, I direct Monzo Bank Ltd to pay Mr S a further £250 compensation on top of the £50 it has already paid in relation to this complaint.

My final decision

For the reasons given above, my final decision is that I uphold Mr S's complaint and direct Monzo Bank Ltd to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 June 2021.

Rachel Loughlin
Ombudsman