

The complaint

Mr L complains that Monzo Bank Ltd blocked and then closed his account. And that it took too long to release his account balance. He says this caused him trouble and upset and he wants the bank to pay him compensation.

What happened

Mr L had an account with Monzo. On 22 October 2020, Monzo decided to carry out a review of Mr L's account. Whilst it completed its review the bank blocked Mr L's access to his account. At the time the balance of the account was £250.

Monzo completed its review on 23 October 2020. Following its review, Monzo closed Mr L's account immediately and released his closing balance to him on 26 October 2020.

Mr L complained to the bank. He said the bank had treated him unfairly in taking the actions it did. And he'd been caused a great deal of stress, worry and inconvenience. He said he hadn't been able to pay his credit card bill on time. And because his account had been blocked, he wasn't able to pay his motorbike insurance and a benefit payment he was expecting on the day his account was blocked didn't credit his account. Mr L explained that it had taken him a number of weeks to set up his benefit claim after he'd lost his job. So, having his first benefit payment sent back due to his account being closed caused him a lot of stress and upset. He also said he had to spend a number of hours on the phone and writing emails to reorganise his financial obligations after Monzo closed his account.

In response, Monzo said it hadn't done anything wrong when it blocked Mr L's account. However, it recognised that Mr L had been inconvenienced due Mr L's benefit payment not being returned to source until 26 October 2020. And that Mr L had to spend time trying to chase the payment with DWP and sort out his finances. So, it paid Mr L £200 for the trouble and upset he'd been caused. Unhappy with this response, Mr L brought his complaint to our service where one of our investigator's looked into things for him.

The investigator said Monzo hadn't done anything wrong when it blocked and closed Mr L's account. Mr L disagreed. He wants Monzo to pay him £1,200 compensation for blocking and closing his account. And to provide him with a proper explanation why it no longer wanted him as customer.

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.

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'm satisfied Monzo acted in accordance with its obligations when it blocked and reviewed Mr L's account. And it was entitled to do so under the account terms and conditions. So, whilst I accept this caused Mr L inconvenience, I can't say Monzo treated him unfairly when it blocked his account

Mr L wants Monzo to explain why it blocked his account. But Monzo doesn't disclose to its customers what triggers a review of their accounts. 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.

Mr L says Monzo took too long to release his account balance. I can see that the bank returned his balance to him within 4 days of closing the account, which was well within the bank's 2 -4 weeks' timeframe. So, I'm satisfied there wasn't any undue delays.

The timing of Monzo's actions was unfortunate. Mr L was expecting his benefit payment into his account on the day it was blocked. And from what Mr L has said it had taken him considerable time and effort organising his benefit claim. He was also relying on the money in his account to be able to pay his credit card and renew his moped insurance. So, I can understand why he found this experience with Monzo stressful and upsetting. But as I've already explained financial businesses have a legal obligation to comply with various laws and regulations. I've seen the evidence provided by Monzo and I can see that in blocking the account Monzo were following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise. So, it wouldn't be appropriate to make an award of compensation for that, since I don't believe Monzo acted inappropriately and treated Mr L unfairly in taking the actions it did.

However, it's only fair that Monzo should compensate Mr L for any losses, distress and inconvenience he experienced as a result of its errors. Monzo accepted that it hadn't returned Mr L's expected benefit payment to DWP until 26 October 2020, which was three days after it had closed Mr L's account. And Mr L had to spend time making several phone calls trying to locate his DWP payment and sort out his finances. So, it paid Mr L £200. Mr L says this doesn't reflect the amount of trouble and upset he's suffered. He wants £1,200.

When a business makes an error that affects a customer, it would be expected that the business puts their customer back in the position that they would be in had the error not occurred. Monzo released Mr L's frozen balance to him within four days, so he's not lost out financially. Monzo has also paid Mr L £200 for the trouble and upset he's been caused. I understand Mr L doesn't think this goes far enough given the amount of distress and inconvenience he says he's suffered. But it's important to note that it isn't the role of this service to punish or fine businesses for their mistakes or standard of service. I know Mr L won't agree, but I think Monzo has done enough to put things right. So, I'm not going to ask them to do anything more.

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 the information provided by Monzo, 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.

My final decision

For the reasons I've explained, I'm not going to ask Monzo Bank Ltd to do anything more to resolve Mr 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 7 July 2021.

Sharon Kerrison
Ombudsman