

The complaint

Mr A complains that he's been left without access to his money after Monzo Bank Ltd decided to close his account.

What happened

Mr A held an account with Monzo. In January 2020, following a review, Monzo decided to end their banking relationship with Mr A and closed his account.

At the time, Mr A had around £3,600 left in his Monzo account. Monzo asked Mr A for details of another account where they could send the money. Mr A supplied Monzo with alternative account details on 20 January 2020.

On 18 February 2020, Monzo transferred the full balance from Mr A's Monzo account to the account details Mr A provided. Unfortunately, the account Mr A provided could only accept payments of up to £1,500. As the refund amount was more than this, the third-party bank transferred the money back to Monzo.

Monzo couldn't locate the payment which the third-party bank had said they'd sent back to them. Monzo carried out their own investigations into where the money was but couldn't locate it.

In June 2021, Monzo received confirmation from the third-party bank that the transfer was sent back to Monzo's holding account on 22 February 2020. Monzo still couldn't locate the money so raised this with their payment analysts.

Our investigator upheld the complaint. He didn't think it was reasonable that Mr A was still without access to his money. And he thought Monzo should have returned the money to Mr A while pursuing their investigations into where the refund had gone. Our investigator also thought 8% simple interest should be added to the refund amount to recognise the time Mr A was without the money. Monzo didn't agree.

As an agreement couldn't be reached, the complaint has been passed to me to decide. In August 2021, I attempted to resolve things informally by letting Monzo know my initial thoughts. In summary, I said;

- It seems from the information on file, Monzo had the money back in their holding account on 22 February 2020,
- While I recognise that Monzo couldn't locate the money, I didn't think that was a reasonable explanation as to why Mr A was at a loss;
- I think it would have been reasonable for Monzo to refund the money to Mr A while continuing to trace the missing payment;
- So I thought the fair way to resolve things would be for Monzo to refund the £3,605.30 to Mr A, and add 8% simple interest from the date the money was returned to them, to the date they refund Mr A;
- And I thought Monzo should pay Mr A £250 compensation to recognise the distress and delays he'd faced.

Monzo responded and didn't agree. They sent evidence of their settlement account to show the money hadn't been returned to them.

As an agreement hasn't been reached, I've decided to proceed with my decision.

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 think Mr A's complaint should be upheld. I've explained my reasons below.

The account review and closure

Monzo are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customer's accounts – either in full or partially while they carry out their review. Having looked at what's happened, I'm satisfied Monzo was complying with their legal and regulatory obligations when they reviewed Mr A's account. So, I can't fairly say they've done anything wrong.

Monzo decided to end their relationship with Mr A in January 2020. Banks sometimes choose to end their relationship with customers. This can be due to a number of reasons, and a bank isn't obliged to give a reason to the customer. Just the same as if Mr A decided to stop banking with Monzo, he wouldn't have to explain why. Monzo can only close accounts in certain circumstances and if it is in the terms and conditions of the account. Monzo have relied on the terms and conditions when closing Mr A's account. This service won't generally intervene in a bank's commercial discretion. Monzo exercised their right to no longer offer Mr A banking facilities and I've seen nothing to suggest that they've made an unfair decision. So, I can't fairly ask them to do anything differently on this part.

The money left in Mr A's account

Monzo asked Mr A for alternative bank details so they could transfer the money left in his account back to him. Mr A provided the alternative bank details to Monzo in January 2020.

In February 2020, Monzo transferred the full balance from Mr A's account to the bank details Mr A provided. The receiving bank couldn't accept the payment as the account had a limit of £1,500. The receiving bank therefore sent the money back to Monzo on 22 February 2020.

Monzo have said they haven't received this money and have carried out their own investigations into where the money has been sent with their own bank provider and the third-party bank who sent the money back to Monzo. While I recognise the inconvenience of Monzo not being able to locate this money, I can't fairly say this is the fault of Mr A. And it is Mr A who has been left without access to the money since February 2020.

I appreciate Mr A gave Monzo bank details for an account which had a limit on it – but based on the evidence and arguments I've considered, I think it's more likely than not the money was returned to Monzo in February 2020. Therefore, while I recognise Mr A would have encountered a delay in receiving the money back because of the account details he gave, I

still find it reasonable that once the money was returned to Monzo, it should have then been sent on to Mr A.

Monzo have said they can't locate the payment and because of that, they haven't returned it to Mr A. But the third-party bank has told Monzo they have returned it. Monzo has provided a copy of one of their account statements to show that the money wasn't received on the day the third-party bank say they sent it. While I can't be sure where the money is now, I am confident based on the evidence that Mr A hasn't received it. The money in question rightfully belongs to Mr A but he hasn't had access to it for over 18 months. I haven't seen any rational to satisfy me that Mr A being without his money is reasonable in the circumstances of this complaint.

Putting things right

I don't doubt being without his money for over 18 months would have had a significant impact on Mr A. And as I haven't seen any evidence to satisfy me that it is reasonable to be withholding this money from Mr A, I think Monzo should give Mr A the amount left in his account and continue with their own internal investigations to locate the money to cover their own loss. Monzo should also pay 8% simple interest on this amount from the date they received the money back – 22 February 2020 – to the date they refund it to him.

I've also thought about the distress and inconvenience this whole situation has caused Mr A. I consider a compensation amount of £250 to fairly reflect the trouble Mr A has encountered.

My final decision

My final decision is that I uphold this complaint. Monzo Bank Ltd should do the following:

- Calculate interest at 8% simple per year on the amount they withheld from Mr A. They should calculate this from the date the money was returned to Monzo – 22 February 2020, up to the date the refund it.
- HM Revenue & Customs requires Monzo Bank Ltd to withhold income tax from the above-mentioned interest. Monzo should give Mr A a certificate showing how much is taken off if Mr A asks for one.
- Pay Mr A £250 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 October 2021.

Hayley West
Ombudsman