

The complaint

Mr C complains that Monzo Bank Ltd ("Monzo Bank") blocked a transaction he had made and then, despite him chasing them to resolve this, they kept ignoring him.

What happened

Mr C attempted to make a payment of £2,000 to his friend but this was blocked by Monzo Bank and they froze his account while they carried out an investigation. Mr C discussed this with Monzo Bank but wasn't happy with their service, so he complained.

Monzo Bank responded and explained Mr C's account was frozen as a result of their routine payment reviews. They said this activity exists in order for them to remain compliant and ensures their customers are protected from fraud. Monzo Bank explained their system flags payments it considers to be potentially risky. Their Disputes Team then reaches out to the customer to investigate the payment further and to clarify the situation and intended payment. Monzo Bank said their system flagged Mr C's attempted payment as risky so his account was temporarily frozen to allow them to investigate.

Monzo Bank said, although Mr C clarified he was confident with the payment and knew who he was paying, their Disputes Team wanted to investigate further. They said the reason for this is that they have found that some fraudsters ask customers to lie about their intentions in making payments so Monzo Bank feel it is beneficial to probe further. Monzo Bank said they had followed their regulatory obligations but appreciate they've caused Mr C inconvenience and he has since decided to close his account. Monzo Bank apologised and acknowledged that Mr C was still unable to make the payment even after Monzo Bank told him his account was no longer frozen. So, they upheld this part of Mr C's complaint and offered £50 compensation.

Our investigator looked into things for Mr C. He agreed Monzo Bank had made an error and thought the compensation offer of £50 was fair. So, he said he wouldn't be asking Monzo Bank to take any further steps. Mr C disagreed so the matter has come to me for a 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've decided Monzo Bank's offer is a fair way to resolve matters. I understand Mr C will be disappointed by this but I'll explain why I have made this decision. Monzo Bank say they have systems in place which flag potentially risky payments to protect their customers. The payment by Mr C is for a significant amount, so I don't think it being flagged for a review is unreasonable or uncommon when considering how banks apply their security processes. I understand that it can be inconvenient if a transaction is held up pending authentication. But I don't find that Monzo Bank did anything wrong in holding up the payment pending investigation. It's in all our interests that security checks are enforced to reduce the likelihood of banks and their customers becoming victims of fraud.

So, while I don't think it was unreasonable for the original attempted payment to be blocked pending investigation, I've looked at the service given to Mr C from that point. The key facts about this part of the complaint aren't in dispute. Monzo Bank have admitted they got things wrong with the length of time Mr C's account was frozen and Mr C still being unable to make a payment even after Monzo Bank told him his account was no longer frozen. The only issue I have to decide is whether Monzo Bank's offer to put things right is fair and reasonable.

Information provided by Monzo Bank shows an online chat conversation starts between them and Mr C where they explain they've flagged his payment for review and have frozen his account while they look into this. Monzo Bank then ask for some further information about the payment and Mr C explains it's to pay his friend for a holiday. Monzo Bank then ask if Mr C has an invoice for the booking or a screenshot of his communication with his friend about the payment. Mr C then provides a screenshot of a text conversation with his friend who confirms he has paid the balance towards their holiday and asks for £2,000. Mr C then explains he hasn't been asked for this information on previous occasions and says it's embarrassing for him. Mr C asks for this account to be closed and chases for a response over a period of 15 minutes.

Monzo Bank respond and explain they have concerns about the payment and won't authorise it until Mr C provides them with evidence to suggest it is legitimate. They ask Mr C if his friend is able to send him the booking confirmation. They apologise if this causes delays but explain they're doing this to protect Mr C and his money. Mr C then calls Monzo Bank to complain about his account being frozen due to the payment being flagged and asks for a manager to call him back. Mr C then calls back the following day to complain about what has happened and again asks for a call back. System notes provided by Monzo Bank show they no longer have concerns about the payment and unfreeze Mr C's account. Mr C also sends Monzo Bank a message saying he's trying to transfer out the balance of his account and close it but there's an issue. Mr C then calls Monzo Bank again and explains he has attempted another payment but is still having issues. While on the call, the agent asks Mr C to delete and reinstall the app. This then allowed Mr C to enter details of the transaction but again came up with a message saying the payment has been flagged for review. Monzo Bank then sent a message to Mr C confirming his account was unfrozen and he could proceed to make the payment. Mr C was then able to transfer his money and close his account. I can see Monzo Bank then called Mr C but he asks them to send a final response to his complaint. Monzo Bank then sent Mr C a final response and offered him £50 for the length of time his account was frozen.

I think it's right that Monzo Bank should compensate Mr C for the upset, frustration and inconvenience caused by their poor service. There's a number of factors here that I've taken into consideration when deciding what I think is a fair and reasonable level of compensation. Mr C's account was first blocked at 7.47pm on 28 July and it wasn't until 3.37pm the following day that Mr C was able to make transfers – this is just under 20 hours. During this time, it's clear Mr C was becoming upset and increasingly frustrated. As I've said above, I don't think it was unreasonable for Monzo Bank to carry out an investigation so I can't say they're responsible for 20 hours of frustration and inconvenience to Mr C. But, I acknowledge Mr C's frustration when, having been told during a call in the morning on 29 July that his account is no longer frozen, he still experiences issues in making a transfer. And, it isn't until around six hours later that Mr C is then able to transfer out the balance of his account. During this time Mr C is engaging in communication with Monzo Bank by webchat and phone so it's clear he continued to be inconvenienced by this. So, taking this into account, I think the offer of compensation in the sum of £50 offered by Monzo Bank is fair and reasonable in the circumstances.

I note Mr C says he was being ignored, but I don't agree that was the case. The information shows Monzo Bank were responding to Mr C through the online chat platform and they did

return his call. I acknowledge there was an occasion when Mr C was chasing a response on the online chat but I don't think the period of time it took an agent to get back to him was unreasonable.

I note Mr C feels Monzo Bank's offer isn't reasonable and says his credibility has been damaged as his friend was no longer prepared to go on holiday with him which meant Mr C missed out on a holiday. I do acknowledge this will have been upsetting but, as mentioned above, I can't say the original payment being blocked was unreasonable. And, while Monzo Bank do then acknowledge it took longer than it should've for Mr C to make transfers again, I can't see they were aware, or ought reasonably to have been aware, that there was a risk Mr C's friend may lose confidence in Mr C paying him. Mr C says the blocking of his payment and freezing of his account led to his friend saying Mr C had 'messed around' in paying him. I understand this will have been upsetting for Mr C but I can't say these actions by Monzo Bank were unfair.

Mr C also says he's concerned that, when he contacted Monzo Bank to explain what was happening, the call centre agents didn't have authority to resolve the issue. Mr C also feels changes should be made to Monzo Bank's procedures and it's unacceptable they operate as a 9.00am-5.00pm, Monday to Friday service. Mr C says he's able to discuss urgent issues with his main bank 24 hours a day. Monzo Bank say they're an online bank and they conduct the majority of their conversations within the in-app chat as this allows them quick access to information. I think it's important to note this service doesn't have power to require a business to change its processes. Or to direct a business on its operating hours or whether to have an online chat service where agents take initial enquiries but aren't able to unblock accounts. These are commercial decisions taken by a business and we don't have the power to direct a business to change these processes.

My final decision

Monzo Bank Ltd has already made an offer to pay £50 compensation to Mr C to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Monzo Bank Ltd should pay Mr C £50, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 May 2022.

Paviter Dhaddy
Ombudsman