

## **The complaint**

Mr L complains that Monzo Bank Ltd closed his account without notice. He would like his account reinstated or compensation for the inconvenience.

## **What happened**

Mr L had an account with Monzo. Monzo carried out a review of Mr L's account and following this in 16 March 2021, Mr L was notified his account would close with immediate effect.

Mr L told us he had to move his direct debits at short notice, and he was charged unpaid items fees. He was also unable to receive any refunds which were due to him.

Monzo said they were entitled to close the account with immediate notice under certain circumstances.

The funds in the account were returned to an account Mr L had nominated on 16 March 2021.

Mr L complained to our service. One of the investigators looked into the complaint. She thought Monzo had provided information that satisfied her Monzo could close the account. But, she thought it should have given Mr L 60 days' notice. She thought that would have given Mr L more time to rearrange his direct debits. But she saw no evidence of any fees he was charged. She thought Mr L should be paid £100 in compensation for the inconvenience of having to rearrange his direct debits at short notice.

Monzo disagreed they thought they had complied with their legal and regulatory obligations and were entitled to close the account with immediate effect.

As there was no agreement 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.

### *Review and closure*

I'll start by setting out some context for the review of Mr L's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Monzo were complying with these obligations when they reviewed Mr L's account.

Monzo's terms and conditions allow it to close customers' accounts with 60 days' notice or immediately in some circumstances.

Mr L has pointed out that the closure of his account has caused him a lot of problems and

stress. I'm sorry what's happened has caused Mr L trouble and upset. But 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.

I've considered whether Monzo acted fairly in closing Mr L's account. I've looked at the terms and conditions of his account and I'm not satisfied they did. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Monzo closed Mr L's account without notice. For Monzo to act fairly here they needed to meet the criteria to apply their terms for immediate closure. Monzo has provided this service information in confidence. I have reviewed this information and I'm satisfied that Monzo had legitimate concerns. However, I am not satisfied that Monzo acted fairly when it closed Mr L's account with immediate effect.

### *Impact*

I've gone on to look at the effect that the immediate closure had on Mr L.

Mr L has told us he had a number of direct debits on his account and he had to redirect all of these to a new account with another bank. This must have been stressful and frustrating for him. Mr L has also told us he was charged unpaid item fees because of the immediate closure. He also said he was unable to receive refunds which were due to him. We asked Mr L to provide us with evidence of these fees and refunds. Mr L hasn't been able to do so.

So, although I don't doubt Mr L had a lot of inconvenience as a result of having to move his account at short notice. I haven't seen anything to suggest he incurred financial losses as a result of the immediate closure.

The investigator thought that £100 was a reasonable amount to compensate Mr L for having had his account closed with no notice instead of being given 60 days' notice. I agree with that assessment. The amount is in line with those awarded in similar cases and I haven't seen anything from Mr L that convinces me to increase this amount.

### **Putting things right**

Monzo should pay Mr L £100 in compensation for the inconvenience of closing his account with no notice.

### **My final decision**

For the reasons stated above I require Monzo Bank Ltd to pay Mr L £100 compensation for his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 October 2022.

Esperanza Fuentes  
**Ombudsman**