

The complaint

Mr F complains that Monzo Bank Ltd (“Monzo”) froze his account without warning and then told him they were closing his account.

What happened

Mr F held an account with Monzo opened in 2020.

In or around August 2021, Mr F says Monzo froze his account without any advance warning. He says they didn’t provide any explanation for their actions which left him without access to funds.

Mr F then received a letter from Monzo. They said that after careful review, they’d decided to close his account with two months’ notice. Monzo said his account would close in October 2021 and he should ensure his account balance was £0 by that date.

Mr F contacted Monzo to find out why they’d frozen his account and why they were closing it. He says Monzo’s customer support team were unhelpful, so he decided to complain about their actions and the service he’d received. He wasn’t happy they’d decided to close his account. He told Monzo that their decision to freeze his account meant he was unable to eat for several days and this had caused him inconvenience and distress.

Having considered Mr F’s complaint, Monzo wrote to Mr F at the beginning of September 2021. They said they were unable to uphold his complaint as they’d correctly followed their internal procedures and remained compliant when freezing his Monzo account and deciding to close it down.

Mr F wasn’t happy with Monzo’s response, so, he decided to refer his complaint to this service. Having considered all the information available, our investigator didn’t think Monzo had acted fairly. They said that Monzo had accepted funds into Mr F’s account which they should’ve allowed him to withdraw. But our investigator didn’t think Monzo had acted unfairly in deciding to close Mr F’s account. Our investigator thought Monzo should pay compensation of £100 to Mr F for the unnecessary distress and inconvenience caused.

Mr F agreed with our investigator’s findings and was willing to accept the proposed compensation.

Monzo didn’t agree with our investigator’s findings. They said they’d handled Mr F’s account in line with their requirements as a bank and their decision to freeze it was appropriate in the circumstances.

As an agreement couldn’t be reached, Mr F’s complaint has been passed to me to consider. In doing so, I reached a different outcome to that of our investigator. Because of that, I issued a provisional decision on 5 October 2022 – giving both Mr F and Monzo the opportunity to respond to my findings below before I reach a final decision.

In my provisional decision, I said:

At the outset, I believe it’s important to explain the role of this service when considering Mr F’s complaint here.

It isn’t the role of this service to supervise, regulate or impose fines on any business. It’s also not our role to ask a business to alter its procedures or processes or impose

improvements on the level of service offered to their customers. These aspects fall firmly within the remit of the regulator – in this case, the Financial Conduct Authority (FCA).

But it is our role to examine and decide whether a business has been fair and reasonable in the manner in which those policies and procedures are applied in the individual circumstances of Mr F's experience with them. When considering their complaint, I've also considered any relevant rules and regulations set down by the FCA in their handbook – where they apply.

In their response to Mr F's complaint, Monzo explained that *"...we were reviewing some information on your account recently which caused it to be frozen for an extended period of time...we will only freeze accounts when we absolutely have to. As a regulated bank we will sometimes need to freeze accounts in this way, but we always try to get things sorted out as quickly as possible"*.

Monzo have provided this service with a detailed explanation of the reasons that prompted them to undertake an account review and apply the account freeze. Monzo were following their own policies and procedures based upon those circumstances at the time. And while I accept this will have caused Mr F some inconvenience and distress, I don't believe the basis of their decision was unreasonable.

Unfortunately, due to the sensitive nature of Monzo's review together with the reasons for it, I'm unable to provide Mr F with any more information or details – that wouldn't be appropriate here. And for that reason, Monzo also weren't able to provide Mr F with a detailed explanation either.

I've carefully thought about the impact Monzo's decision had upon Mr F. I would like to reassure him that I've considered Monzo's explanations very carefully together with his own situation. And while I'm extremely sorry to hear about his struggles; I can't reasonably say that they did anything wrong. Their reasons appear justified and it wouldn't be appropriate for this service to challenge those, even in these circumstances.

As regards their decision to close his account, Monzo provided Mr F with two months' notice of this. This service believes that any notice should give enough time so that the account holder can manage their money. We generally suggest that 30 days' notice is reasonable, although here, Monzo's terms and conditions say 60 days.

Ultimately, notice to close is a commercial decision for Monzo. In the same way a consumer can choose who they wish to open an account with, Monzo is able to decide who it wishes to hold accounts for. That's not something this service is able or would want to dictate or influence.

While I appreciate that Mr F will be disappointed, on this occasion I don't agree with our investigator's findings. So, I don't intend to uphold his complaint.

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.

In response to my provisional decision, Monzo confirmed they were happy to accept the outcome and added no further comment.

Mr F responded explaining that he didn't agree with my provisional decision but didn't add any further evidence or information for me to consider.

I appreciate that Mr F feels very strongly that Monzo acted wrongly when they froze his account. Monzo froze his account for a total of eight days after which he was free to use it up

until the date of closure. As I've explained in my provisional decision, the sensitive nature of Monzo's review means I'm unable to expand upon their reasons in any detail.

I appreciate how frustrating this must have been for him. All I can do is reassure Mr F that I've considered the circumstances of his complaint very carefully together with Monzo's explanation. And as I previously explained, Monzo's reasons appear reasonable and justified. So, I've found no reason to vary from my original findings.

My final decision

For the reasons set out above, I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 November 2022.

Dave Morgan
Ombudsman