

The complaint

Mr J complains that Monzo Bank Ltd's ("Monzo") allowed him to close pots he had setup which resulted in a significant amount of money being moved around without restriction. Mr J is also unhappy that Monzo wasn't able to recover a payment for an incorrect amount.

What happened

In September 2021 Mr J inherited £41k which was paid into his Monzo account. Mr J says as he wanted to save the inheritance he followed Monzo's advice and transferred money into its pots as a way of restricting access to the money. Mr J says he subsequently found that he was able to move the funds between his main account and the pot and that when a pot was closed the funds transferred back to his main account.

Mr J says he was able to move large sums of money in and out of his account without a warning or flag on his account and believes this to be a lack of security. Mr J says he has a gambling addiction and was using the money he inherited to buy crypto currency and gamble with the crypto currency funds despite making Monzo aware of his addiction and having a gambling block on the account. Monzo says it was never made aware of his gambling addiction and that crypto currency isn't considered to be gambling.

Mr J also made a payment for £111.70 instead of £11.70 and is unhappy that Monzo's attempt to retrieve the payment failed. Monzo looked into Mr J's concerns but didn't uphold Mr J's complaint, so Mr J brought his complaint to our service.

One of our adjudicators looked into Mr J's concerns and reached the conclusion that Monzo had explained that locked pots are not the same as a savings pot and that locking a pot is more of a deterrent to spending the money and access to the funds is not limited. They also thought that as Mr J had opened and closed pots utilizing the lock feature prior to transferring his inheritance that Mr J would've understood he'd still have access to these funds.

Regarding the gambling, our adjudicator saw no evidence that Mr J had informed Monzo of any gambling issues or any information that ought to have raised concerns – such as gambling transactions on his account that could be identified as gambling.

In regards to the mistaken payment made by Mr J, our adjudicator thought Monzo had meet its obligations under The Payment Services Regulations 2017 to make a reasonable effort to recover the funds but as the beneficiary had removed the funds from the account they weren't able to be recovered.

Overall Mr J understood our adjudicators view regarding the mistaken payment but said that he shouldn't have been able to transact tens of thousands of pounds with no real checks and requested a final 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 considered everything provided, I'm in agreement with our adjudicator and don't think there is anything much more of use that I can add.

It might be helpful for me to say here that, as we are not the regulator, I cannot make the bank change its systems or processes – such as how it checks or determines whether a transaction is fraudulent or should be flagged. Ultimately, how a bank runs its business and the processes it has in place to alleviate risk is a commercial decision and isn't something for me to get involved with. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at the problems Mr J has experienced and see if Monzo has done anything wrong. If it has, I would seek – if possible - to put Mr J back in the position he would've been in if the mistakes hadn't happened. And I may award modest compensation that I think is fair and reasonable.

And while I wouldn't tell a business how or what systems to put in place to check for fraudulent activity – I would expect it to put safeguards in place to protect it and its customers from such activity and their own vulnerabilities should they have made the bank aware. I accept that Mr J put a gambling block on his account, but Monzo have explained that this is used as a cooldown period – meaning it discourages the customer from gambling as they have to call Monzo to have the transaction go through. But if a customer asks Monzo to remove the block Monzo has to do so. Despite the gambling block Mr J put on his account Monzo has no record prior to Mr J raising his complaint of him informing it of a gambling addiction.

And I haven't seen anything on his bank statements to suggest fraudulent activity or that he was gambling and that Monzo should've stepped in. The account does show evidence of trading in crypto currencies but as has already been explained this type of transaction isn't considered gambling. Indeed, it is not for Monzo to decide how Mr J wishes to invest his money.

Furthermore, I accept Mr J wanted to limit access to funds which he wished to save and wished to use the pots and lock feature to do this. But I've seen no evidence Monzo told him using the pots would restrict access to the funds. And given Mr J had previous experience in opening, closing and using this product I think he would've understood how the pots work and that he would continue to have access to the funds. So I can't say Monzo has made an error or done anything wrong here.

So it follows that I do not uphold Mr J's complaint.

My final decision

For the reasons I've explained I do not uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 January 2023.

Caroline Davies
Ombudsman