

The complaint

Mr V complains about Monzo Bank Ltd's actions when withholding funds following a transfer request.

What happened

Mr V held an account with Monzo. In November 2021, Mr V wanted to transfer around £360,000 from his Monzo account to a brokerage account in relation to his business.

Mr V asked Monzo if there would be any limitations on the money transfer. Monzo confirmed there was no inbound transfer limit but failed to mention there was an outbound daily transfer limit of £10,000. So, Mr V couldn't make the transfer as he'd hoped. Mr V was unhappy about this and feels Monzo breached the contract as they hadn't mentioned it before, and he couldn't seem it formed part of their terms and conditions.

Around 10 November 2021, Monzo honoured Mr V's request to increase his daily outbound transfer limit to around £75,000 to allow him to make one transfer. The day after, Mr V made another request – and Monzo asked him for proof of entitlement to the funds in the account, and source of wealth. Mr V provided this information but Monzo refused a further daily limit increase. Mr V asked Monzo to transfer the money back to his account where it came from to avoid further delays. But Monzo limited the account while they carried out a review. Monzo informed Mr V the limitation and funds should be released within two weeks. However, their review took longer, and the account remained frozen. Around 22 December 2021, while Monzo's review was still ongoing, a freezing order was applied to Mr V's account. Therefore, Monzo wasn't able to allow any transactions on the account, so it remained limited. The freezing order was lifted on 9 March 2022, and Monzo returned the money left in the account to a third party on 1 April 2022 once they received the appropriate authority.

Mr V said Monzo's actions caused him to lose around £36,000 a day because he couldn't earn money through his trades. Mr V believes the freezing order was applied because Monzo raised a Suspicious Activity Report (SAR), and he states if they had returned the money like he asked none of this would have happened.

Our investigator reviewed things. In summary, she said Monzo acted in line with their legal and regulatory obligations and therefore she couldn't fairly ask Monzo to reimburse Mr V for his losses.

Mr V remained unhappy. He explained he'd been an account holder for a long time prior to this request, and he'd previously transferred more than £10,000 with no issues. Mr V was particularly unhappy that he'd spoken to Monzo prior to making the £360,000 transfer and they failed to mention the £10,000 transfer limit.

As an agreement couldn't be reached, the complaint has been passed to me.

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.

Firstly, I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr V and Monzo have said before reaching my decision. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo has provided is information that we considered should be kept confidential.

Account block 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 customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened, it appears Mr V's account flagged for review due to a large payment coming into the account, and a request from Mr V to transfer it out. I appreciate why Mr V may have found this inconvenient – especially as he'd already spoken to Monzo about the incoming transfer, but Monzo must ensure they keep their due diligence checks updated at all times.

I'm aware Monzo asked Mr V for some further information as part of their review. Mr V supplied Monzo with this information, but they didn't deem it was sufficient enough to remove the limitation on the account or allow any further transfers to be made. Monzo told Mr V the review should be completed in around two weeks – and they've explained that in usual circumstances, that is often the case. However, Mr V's review required longer for reasons I'm unable to share with Mr V directly. I'd like to reassure Mr V, based on what I've seen, I can't fairly say Monzo acted unfairly by refusing further transactions as their review was still ongoing – so their actions were appropriate.

Monzo made the decision to close Mr V's account around 15 November 2021. At times, following a review, 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 V decided to stop banking with Monzo, he wouldn't have to explain why. However, Monzo can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Monzo have complied with the terms and conditions when deciding to close Mr V's account so I won't be asking them to do anything differently. It's also important to note, the account did remain open, albeit blocked, due to the outstanding money held in the account.

Transfer limits

I'm aware Mr V is upset because he spoke to Monzo about the £360,000 transfer before he made it. Mr V said Monzo didn't make him aware of the outbound daily transfer limit, and it's not stated in the terms and conditions. I recognise this would have been frustrating for Mr V – and unfortunately, I haven't been able to listen to a phone call or see case notes of when this was discussed to see what was mentioned. Overall though, I don't think it makes a

difference. I say that because Monzo are entitled to decide how they operate – including what limits they find necessary. I've also reviewed Monzo's website and it does clearly state that if a customer wants to make a transfer over £10,000, they should get in touch with Monzo to raise the limits. I don't think it's feasible for the terms and conditions to list everything, so I'm pleased Monzo display details on transfer limits on their website. And there are times, as Mr V has experienced himself, where Monzo allow the limits to be raised. So, even if Monzo had made Mr V aware of the limits, there's nothing to suggest they wouldn't have been able to raise the limits at the time he wanted to make the transfer. So I can't fairly uphold Mr V's complaint on this point alone.

Withholding the funds & financial loss

Mr V asked Monzo to transfer the money back to the account it came from when his second limit increase was declined. However, Monzo couldn't do that due to the ongoing review. Mr V believes the freezing order was applied because Monzo raised a SAR. I appreciate Mr V's strong sense of feeling around this, but I don't think it makes an overall difference on whether Monzo's actions resulted in the freezing order being applied or not. I say that because once a freezing order was granted, Monzo had a duty to act on it - and therefore they weren't able to release the money or give Mr V access to his accounts. Monzo are legally obligated to comply with such orders and therefore it's not always appropriate for them to engage further in their own investigation. So while I recognise the distress caused to Mr V, I can't fairly say Monzo acted inappropriately.

I appreciate Mr V was without the money for a prolonged period of time, but it wasn't appropriate for Monzo to release the money until they received the relevant and correct authority. Based on everything I've seen, I don't consider Monzo caused any delays in releasing the money.

I'm aware Mr V thinks Monzo should compensate him for the money he says he lost out on by not being able to trade. I appreciate how strongly Mr V feels about this, but in order for me to ask Monzo to pay any of these additional costs, I'd need to be satisfied they did something wrong. And having carefully considered everything, I don't think they did.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 17 February 2023.

Hayley West
Ombudsman