

## **The complaint**

Mr W complains that Monzo Bank Ltd closed his account without notice and then unreasonably delayed sending funds to an alternative account in line with his request.

## **What happened**

Mr W opened his Monzo account in November 2019. On 25 February 2022 Monzo sent Mr W notice by email that it was closing his account with immediate notice. It sent him a link through its app so that he could provide details of an alternative account to which the funds held to the credit of the account could be sent. Mr W completed that link the same day. Monzo explained that it could take 2-4 weeks for funds to be sent.

Mr W contacted Monzo on several occasions over the following weeks to try to find out what was happening to his funds. He did so by email and by telephone, but was given very little information.

The account was closed on 11 March 2022, and Mr W's funds were transferred on 25 March 2022. When Mr W tried to speak with Monzo after 4 weeks, he was told that he had not passed security and so could not continue with the call. By that time he was unable to access information about the account and so could not answer some of the security questions asked.

Mr W complained about what had happened. He pointed out that he had been left without funds for over a month and had therefore struggled to pay bills, to provide food for his young family, and to travel to work. He had taken out a payday loan to cover some expenses. He thought that Monzo should reimburse the costs of doing so, as well as compensating him for the distress he had suffered.

Monzo said that it had acted correctly; it had been within its rights to close the account, and funds had been released to Mr W in line with the timescales given. It did acknowledge however that it could have communicated better than it did. In particular, it should have accepted Mr W's answers to security questions when he called. It offered him £60 in recognition of that. Mr W did not accept that offer and asked this service to review the case.

One of our investigators did that and issued an assessment, in which he broadly agreed with Monzo. He said that it had acted fairly in closing the account; the compensation offered for customer service issues was reasonable in the circumstances.

Mr W did not accept the investigator's assessment and asked that an ombudsman review the case.

## **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, however, I have reached the same conclusion as the investigator did, and for similar reasons.

It is generally for a bank to decide, as a matter of its commercial discretion, whether it wishes to provide or continue to provide banking services to any customer. As long as that discretion is exercised legitimately, this service won't usually interfere. I see no reason to do so in this case.

A bank should however provide reasonable notice before closing a customer's account. What is reasonable depends on the circumstances in each case – including the account terms and any relevant legal and regulatory obligations. The account terms in this case did allow immediate account closure in certain circumstances. Having considered the matter very carefully, I think that Monzo was within its rights to close Mr W's account in the way it did.

I have therefore gone on to consider the time it took to send Mr W's funds to his alternative account. I can understand why he found it frustrating that it took as long as it did to complete the transfer, but it was made in line with the timeframe which Monzo had provided. I accept too that Mr W incurred additional costs as a result – including interest on the pay day loan and credit cards. However, because I have found that Monzo was within its rights to close the account and that there wasn't any unreasonable delay, I cannot properly require Monzo to compensate Mr W for that.

I do however note that Monzo accepted that it did not handle its communication with Mr W as well as it should have done. It accepts that the security questions it asked him were answered correctly, and that he should therefore have been able to discuss his account further when he tried to do so. Indeed, he had given the same answers to the same security questions about two weeks before his unsuccessful calls. Given the funds were transferred very soon after the unsuccessful calls, Mr W may have been given some reassurance if his answers had been accepted.

Be that as it may, I think that Monzo's offer of £60 in recognition of that was reasonable in the circumstances.

### **Putting things right**

Mr W did not accept Monzo's offer of £60 compensation. Strictly speaking, therefore, it is no longer open to him to do so. Because, however, I think that Monzo should have handled his queries better than it did and that its failure to do so warrants a modest compensation payment, I will make a formal award in line with the previous offer. That will enable Mr W to accept the offer if, on reflection, he decides he wants to do so. It will also enable him to enforce my award, should that be necessary.

### **My final decision**

For these reasons, my final decision is that, to resolve his complaint in full, Monzo Bank Ltd should pay Mr W £60. Payment should be made within 30 days of Mr W's acceptance of my decision. If it is not, Monzo should add interest at 8% simple from the date of acceptance to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 June 2023.

Mike Ingram

**Ombudsman**