

The complaint

Miss H complains that Monzo Bank Ltd closed her account without an explanation. Her money was kept in a holding account. Miss H says Monzo didn't address her questions and made an error in spelling her name. She would like an apology and compensation.

What happened

Miss H had an account with Monzo.

Following a review Monzo blocked Miss H's account on 31 January 2022. Following the review Monzo took the decision to close Miss H's account. Monzo closed the account with immediate effect. Miss H provided Monzo with the details of her new account on 7 February 2022. Monzo held Miss H's funds in a holding account. Monzo returned the funds to Miss H on 2 March 2022.

Miss H has told us she was unhappy she didn't receive notice of the intended block on her account. She says she had to borrow money from friends and family. It was difficult to pay for her everyday living expenses and the whole thing has affected her mental health.

Miss H complained to Monzo. Monzo said they were entitled to close Miss H's account, and they had complied with the terms of the account. They also said they hadn't delayed in paying the funds back to Miss H.

Miss H disagreed and she brought the complaint to our service. She also told us that Monzo had misspelt her name and she thought Monzo had discriminated against her because of this. She told us this misspelling had affected her badly as she had other occasions when her name had been misspelt for racist reasons.

Our investigator contacted Monzo. It said it apologised for the misspelling of Miss H's name in an email dated 22 February 2023. Monzo said it had been an unintentional error and offered £30 compensation. Our investigator endorsed the offer, she thought it was fair compensation and she thought the mistake was down to a typing error and Miss H hadn't been discriminated against.

Miss H disagreed with the view and didn't think the offer was fair. She thought Monzo had discriminated against her, and it wasn't an accidental error.

She also thought that we had been biased as a service because we agreed that Monzo's decision is appropriate and fair.

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.

Account block and closure

I'll start by setting out some context for the review of Miss H'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 Miss H's account.

Miss H's account was blocked, and she has told us how difficult it was for her that she didn't have access to the funds in her account. I appreciate that it was difficult for Miss H to have her account blocked. However, I can see that in blocking the account the bank were following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise so I can't say Monzo was unfair.

Monzo decided to close Miss H's account with immediate effect.

Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account. The terms and conditions of Miss H's account say that Monzo can close an account in certain circumstances immediately.

In this case Monzo closed Miss H's account without notice. For Monzo to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done.

Miss H has said that Monzo haven't given her a reason for the closure of her account. Whilst Miss H may've expected to be given the reasons for the account closure. Monzo isn't required to give her a specific reason. And I can understand Miss H's frustration that she hasn't been provided a detailed explanation. But as the investigator has explained, Monzo is under no obligation to provide this information to her, as much as she'd like to know. So, I can't say Monzo have done anything wrong by not giving Miss H this information.

Miss H provided Monzo with her new account details on 7 February 2022. Monzo returned Miss H's funds to her on 2 March 2022. I have gone on to consider if Monzo caused delays in returning Miss H's funds to her. Having looked at the evidence provided by Monzo I'm satisfied that Monzo acted promptly and didn't cause any unnecessary delays in returning the funds to Miss H, so I won't be awarding any compensation here.

Discrimination

Miss H has said that the reason why her name was misspelt by Monzo was for discrimination reasons. She says she wouldn't have been treated like this if her name was Caucasian. She says she now finds it difficult to trust banks. She feels Monzo were not diligent and careful with the information. She feels Monzo didn't care about how they addressed her or did any checks, which she finds insulting.

Monzo have said the misspelling was a result of human error. I know that human errors can occur and Monzo has explained that this is what happened here.

I empathise with what Miss H has said and I can see how Monzo misspelling her name would have made her feel this way. It is not my role to decide whether discrimination has taken place as a matter of law – only the courts have the power to decide this. However, I can make a finding on whether Monzo has treated Miss H unfairly. To do that, I'd need to

decide whether another customer with similar circumstances, would be treated the same way.

While I can't make a finding on discrimination, I have considered the relevant law in relation to what Miss H has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010. But after doing so I've not seen evidence to indicate Monzo's behaviour towards Miss H was improper or unfair.

I haven't seen anything to suggest the misspelling was deliberate. Monzo have acknowledged the upset this mistake has caused Miss H and have awarded her £30 compensation.

Miss H has suggested our service is biased because we haven't found that there was discrimination in the way Miss H was treated and that we have sided with Monzo by saying they haven't acted unfairly. I've already said that I haven't found any evidence that Miss H has been treated unfairly because of her race. Although I recognise seeing her name misspelt was upsetting to Miss H especially in the light of what she has shared with us.

Whilst I do recognise her concern, as an ombudsman service our approach is to consider what both parties say and then reach our own independent conclusions on that evidence.

The Financial Ombudsman service was set up by act of parliament as an informal and free alternative to courts. We are a dispute resolution service, and our remit is to decide cases on a fair and reasonable basis taking account of the law and regulations, codes and good practice.

I appreciate that it is in the nature of our service and of dispute resolution that one party will be disappointed with the outcome that is reached. However, this doesn't mean that the process is flawed, or the service is biased, as I have explained we are an evidence led service and we look at the information both parties provide before reaching a fair and reasonable outcome.

As I haven't seen that Monzo acted unfairly, I won't be increasing the compensation offered by Monzo in this case.

Putting things right

To put things right Monzo should pay Miss H £30 for the distress and inconvenience caused.

My final decision

For the reasons Stated above I partially uphold this complaint.

I direct Monzo Bank Limited to pay Miss H £30 compensation for her material distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 6 February 2024.

Esperanza Fuentes
Ombudsman