

The complaint

Mr B complains about the service he's received from Monzo Bank Ltd since he tried to make a partial account switch.

What happened

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- In September 2022 Mr B wanted to undertake a partial account switch – he wanted to move a number of his direct debit instructions from his current account with Monzo to a new, joint account he'd set up with another bank. But Monzo didn't offer a partial switch facility. Instead of checking what Mr B wanted to do, the bank started a full switch which resulted in Mr B getting in touch to tell them that isn't what he wanted. There then followed months of communications between Mr B and Monzo relating to some direct debit instructions which he hadn't wanted to switch and wished to reinstate. Mr B is unhappy with the way Monzo handled the matter, in particular because it has not since been possible to reinstate some of the instructions. And the situation has negatively affected his mental health.
- Monzo accepted it could have done more to help Mr B and has paid him £65 compensation. Mr B remained unhappy and asked us to look into the matter.
- Our investigator tried to help find a solution to the ongoing, underlying problem with Mr B's direct debits but Monzo said it was unable to comply with his recommendations which included setting up a new account. But Monzo did agree to increase the compensation by £135, to £200 in total. Mr B didn't accept this, so the complaint came to me and I gathered additional information from both parties and then issued a provisional decision.

I have reproduced, below, the findings from my provisional decision.

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, and as I've already explained to Monzo, I think the service it has provided to Mr B since he contacted them in September 2022 has fallen far short of what I would expect. For example:

- *Mr B's request was for a partial account switch. If Monzo was unable to comply with this request then it should have explained this to him and checked how he wanted to proceed. Had it done so then I think the problems that have occurred since then with Mr B's direct debit instructions and the resulting complaint could have been avoided.*
- *Mr B had to message Monzo repeatedly via it's In-app chat and was passed around between advisers, some of whom asked Mr B to repeat information that he'd already provided (sometimes more than once).*

- *Monzo says it gave appropriate advice about the direct debit instructions, but I disagree. None of the guidance it gave solved Mr B's problem and some of the information he was given was conflicting and confusing. This includes them telling Mr B that the direct debit could be reinstated simply by contacting the intended beneficiaries. But Monzo has since confirmed to me that there is no way for the switched direct debits to be reinstated. I think Monzo should have done more to help resolve this issue and allow Mr B to operate his account in the way he wanted, and the way that should have been available to him. If it wasn't possible to reinstate the direct debits then Monzo could and, arguably, should have offered to open a new account for him. That would likely have resolved the matter and removed the need for Mr B to refer a complaint to this service.*
- *Monzo told our investigator it wasn't possible to set up new account for Mr B, so that he could set up new direct debit instructions. But its website suggested otherwise and after I queried this further, Monzo has said it can set up a new account for Mr B. The investigator originally proposed this in May/June 2023 and asked Monzo to propose an alternative solution if this wasn't possible. The matter has dragged on for longer than it needed to because of Monzo's initial, unreasonable refusal to open a new account. Mr B says he is willing to open a new account and I believe that can be achieved with minimal effort on his part. But he will still then have to contact the direct debit beneficiaries to set up the new instructions. And that will cause him some additional inconvenience.*
- *Monzo has repeatedly failed to respond to our requests for information in a timely manner. And it's provided conflicting and confusing information about the account switch. On the one hand it has said it couldn't complete a partial switch, so it completed a full switch instead. But that simply cannot be true because a full switch will usually result in the account being closed and that didn't happen in this case, nor did Monzo receive a request from the other bank to cancel the switch. I have questioned Monzo to try to understand what exactly happened in this case, but it has not replied satisfactorily to my questions.*

I've taken all of the above into account when deciding how much compensation to award. I've also considered carefully what Mr B has told us about his mental health. He didn't share this same information with Monzo so it can't reasonably be expected to have taken this into account. But I have still factored this in when considering the likely impact Monzo's actions and inactions have had on Mr B.

Monzo has paid £65 compensation already. But I currently think it should pay an additional £435 which will take the total award to £500. I make this award taking into account the distress and inconvenience Mr B has already been caused, as well as the further inconvenience he will be caused setting up the new account and the new direct debit instructions.

If Mr B accepts my eventual final decision then I expect Monzo to set up the new account promptly and without undertaking any credit checks because this will in effect, be a replacement account rather than a new account.

Monzo accepted my provisional findings and confirmed that it won't carry out any additional checks when setting up the new account for Mr B.

Mr B said he would be willing to accept my provisional findings if Monzo would also send him a letter/statement which he can share with the parties who have, or might be, affected by the problems with his direct debit instructions.

What I've decided – and why

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Neither party has sent any new evidence or arguments for me to consider, so I see no reason to depart from the conclusions set out in my provisional decision and reproduced above.

I note Mr B's request for a letter from Monzo and that the bank already agreed, on 5 April 2023, to provide "*a generic letter confirming the payment errors*" it caused. Monzo hasn't said since that this won't be possible. Moreover, this decision serves to show what has gone wrong and there will be nothing preventing Mr B from sharing this decision as he sees fit

My final decision

My final decision is that Monzo Bank Ltd should:

- Pay £435 compensation to Mr B.
- Send a letter to Mr B confirming the payment errors it has caused.
- Work with Mr B to set up a new account, so that he can reinstate his direct debit instructions.

Monzo should do the above within 28 days of the date on which we tell it that Mr B accepts my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 December 2023.

Ruth Hersey
Ombudsman