

The complaint

Mr A complains that Monzo Bank Ltd (Monzo), closed his individual current account without notice. He would like compensation and a full explanation why his account was closed.

What happened

I issued a provisional decision on this complaint last month where I upheld this complaint but made a different award to that made by our investigator. An extract from that decision follows:

“Mr A had a current account with Monzo. I am aware that he also had a joint account which was also closed but I won’t be dealing with that in this decision. Mr A said on 4 December 2021 when he logged onto his account he realised he was unable to make any transactions including transfers or withdrawals. He says he then received a message to say his account was closed.

Monzo wasn’t able to give him an explanation why and he wouldn’t be able to open a new account with it in the future. Mr A added Monzo wouldn’t take his calls and he wasn’t able to use its live chat function. He decided to complain to Monzo.

In the meantime, Mr A also complained to us and said he wanted compensation and a full explanation why his account was closed.

Mr A told us he wasn’t able to take any money out or pay his bills. This was his main bank account where his salary was paid into and he also had a number of direct debits on it. Mr A added Monzo hadn’t given him any prior notice so it was too late for his salary to go into his account that month so there was a delay in him being paid. His account being closed in this way caused him stress and anxiety- especially over the holiday period.

While the complaint was with us Monzo responded to Mr A’s complaint but it didn’t uphold it. It said it complied with its internal procedures and legal and regulatory obligations and it had made a commercial decision to close the account. It wouldn’t be able to reopen the account or open a new one for Mr A in the future.

One of our investigators reviewed the complaint and thought it should be upheld in part. She didn’t think Monzo acted fairly in closing the account without notice and thought it should pay Mr A £100 compensation for the distress and inconvenience it caused him.

Mr A agreed with our investigator but Monzo didn’t and asked for an Ombudsman’s decision.

What I’ve provisionally decided and why

I’ve considered all available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

It might be helpful if I start off by explaining that our service doesn’t punish or fine businesses, and it’s also not our place to say that a procedure the business follows is

incorrect. Only the industry regulator, the Financial Conduct (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. So our role in cases like this one, is to look at whether the bank has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.

Monzo closed the account on 5 December 2021 and blocked it the day before. It said this was done further to it reviewing the account and deciding to close it immediately. From what I have seen, I don't think Monzo acted unreasonably in reviewing the account. As I said above, Monzo has ongoing legal and regulatory obligations and this means that in order for it to comply with those it may need to review its customers' accounts from time to time. An account review isn't something it has to give its customers notice of and a review may result in an account being closed.

Monzo has provided evidence which shows to me that its decision to close the account was fair and reasonable. At this point I should explain 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. So I won't be sharing a lot of detail with Mr A, but I'd like to reassure him that I've considered everything.

As I said above, the account was closed without notice. Monzo is relying on its terms and conditions which say that it can close an account immediately in certain circumstances. I have considered its reasons for doing so and I think it acted fairly and reasonably in the circumstances. I appreciate this was a difficult time for Mr A but as I think the immediate closure was fair, I'm not considering awarding him any compensation in relation to this.

I understand Mr A wants Monzo to explain why it closed his account but it is under no obligation to tell Mr A the reasons why it reviewed and closed the account. So I don't think it's done anything wrong by not telling Mr A why the account was closed. Just as a customer can choose who they bank with, a bank can choose who it has (and keeps) as customers. A bank doesn't need to explain to its customer why it's closing an account, just as Mr A wouldn't have had to give Monzo a reason if he'd decided to leave it. Nevertheless, as I mentioned above, as part of looking at the case I have reviewed Monzo's reasons for closing the account and I am satisfied that it acted fairly.

Mr A said that he eventually arranged for his salary to be paid into his partner's account. He said, however, due to the delay he had late and missed payments which also affected his credit score. I have no reason to doubt what Mr A has said but in the absence of evidence in support I have decided not to make any further award in Mr A's favour. And as I think the account was correctly closed with immediate effect this wouldn't impact my decision in any event.

Mr A also said that he hadn't received his full balance back but Monzo has shown that this was paid into another one of Mr A's accounts. £34.63 was paid on 5 December and an additional £4.64 in March 2022. The £4.64 was from refunds that were paid into Mr A's account in January, after it was closed. It's not clear why it took so long for this payment to make its way to Mr A and in the absence of a reasonable explanation by Monzo I am currently considering requiring it to pay Mr A interest on this amount for the delay.

My provisional decision

For the reasons above, I have provisionally decided to uphold this complaint and require Monzo Bank Ltd to pay Mr A 8% simple interest on the £4.64 that was refunded to him late.*

The interest must be paid from the date the refund entered his account to the date it was returned to him.”

Both parties responded to my provisional decision. Mr A said he was not happy with the outcome or the compensation particularly as it was lower than what the investigator had awarded. But he made no further comments. Monzo said it had nothing further to add.

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 reviewed everything and as neither party made any further comments my views on the complaint as set out provisionally have not changed. My provisional findings along with any further comments here are now the findings of this my final decision.

My final decision

For the reasons above, I have decided to uphold this complaint and require Monzo Bank Ltd to pay Mr A 8% simple interest* on the £4.64 that was refunded to him late. The interest must be paid from the date the refund entered his account to the date it was returned to him

*If Monzo Bank Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 October 2023.

Anastasia Serdari
Ombudsman