

The complaint

Mrs T complains that Monzo Bank Plc discriminated against her when she attempted to open an account with them, due to her nationality.

What happened

In April 2022 Mrs T applied for an account with Monzo. As part of her application process, she submitted her Belarussian passport as identification. But Monzo told her they couldn't accept her passport as identification. They said they would be willing to accept alternative identification.

Mrs T complained, saying she didn't have any other forms of identification, only her passport. She said Belarus was listed as a support country on the Monzo app, and friends from other countries hadn't had the same difficulties in opening accounts. She said she was discriminated against because of her nationality.

Monzo responded to say they were able to accept certain types of documents from various countries, but they weren't able to give any specific information about this. They said they had complied with their internal procedures, so weren't able to add anything further.

Unhappy with this Mrs T complained to our service. Our investigator didn't think Monzo had done anything wrong, so Mrs T asked for the complaint to be looked at by an ombudsman. As such the complaint was passed to me to decide.

After reviewing the evidence, I was satisfied Monzo had treated Mrs T unfairly. I issued my provisional decision which said:

Mrs T feels very strongly that she has been discriminated against by Monzo. The key piece of legislation that deals with discrimination in the UK is the Equality Act 2010. But only the courts can make a finding of whether the Equality Act has been breached. My role here is to decide this complaint based on what I consider to be fair and reasonable – taking in to account the relevant legislation and regulations, industry standard and what I consider to be good practice.

It's right that Monzo have legal and regulatory obligations to ensure they know the true identity of their consumers and have adequate information on file to demonstrate this.

In this case Mrs T submitted her passport. Monzo haven't demonstrated there were any other specific problems or concerns with her passport. And there's no evidence of any other concerns with Mrs T's application, although it doesn't look like it progressed any further after the identification was rejected. Instead they've talked about why they can't accept certain documents – which tells me the issue is broader than Mrs T's individual circumstances.

I asked Monzo for further information on the reasoning in declining Mrs T's passport, but they confirmed there was no further information to provide. They instead provided a link to Monzo's anti-discrimination statement.

While I accept Monzo have stated they had complied with its internal procedures, they haven't been able to demonstrate this to our service. In the absence of providing any further information or explanation of why Mrs T's passport can't be accepted, I can't reasonably conclude that it has acted in line with its internal procedures. And I understand why this would have impacted Mrs T.

With that in mind, I've gone on to consider the impact on Mrs T. She's confirmed she didn't have any alternative identification at the time, or any alternative banking arrangements. While Monzo may have accepted other identification, this wasn't something she was able to provide which will have been frustrating. I have also considered that in the absence of a clear explanation Mrs T was left uncertain how to proceed.

How the application process doesn't appear to have been completed, so I can't say for certain whether Monzo would have accepted Mrs T's application after all their checks had been carried out. So, I have kept this in mind when considering my award. In any event I understand Mrs T now has banking facilities elsewhere. So, I'm not recommending Monzo open an account for her.

But I think it's appropriate Monzo pay her some compensation to reflect the distress caused by not providing an explanation to support the decision made. Having considered everything, £250 is a reasonable reflection of the distress caused.

This outcome was accepted by Mrs T, who did not have anything further to add. Monzo rejected the provisional decision, saying they had confirmed they do not accept these documents, and this demonstrates they've followed their internal procedures.

I've now reviewed all the evidence afresh.

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.

Overall, I'm still minded that the complaint should succeed.

I've considered what Monzo have said, and reviewed the information sent to us previously about the types of documents they aren't willing to accept. We have previously asked further questions about this policy, but ultimately Monzo have declined to answer them. They have also provided no further explanation or rationale for declining to accept Mrs T's passport. There is no suggestion there was something specific to Mrs T's documents or application that caused concern.

Businesses are free to set their own policies – but just because something is bank policy doesn't mean it can't lead to unfair or unreasonable outcomes for people. Our service would usually expect a business to be able to explain why this policy was applied in the way it has. But here Monzo haven't been able to explain to my satisfaction why the decision to decline Mrs T's passport was in line with their internal processes.

In this case Monzo haven't been able to adequately explain why it was fair or reasonable to decline to accept Mrs T's passport – either directly to Mrs T or to our service. At the time she had no other identification to provide. So, in effect it appears she's been treated differently than someone else in a similar circumstance with a different nationality. So, I can see why she would be left feeling frustrated and confused. I don't see that Monzo have treated her fairly.

Mrs T hasn't requested an account be opened, and we don't know for certain whether she would have met the rest of the criteria for the Monzo account. But I remain satisfied that it's appropriate that Monzo pay her compensation to reflect the distress caused by their lack of a reasonable explanation to support the decision they made. I've received no new evidence on the impact of the decision, so I'm satisfied £250 is a reasonable reflection of the distress caused.

My final decision

My final decision is that Monzo Bank Ltd must pay Mrs T £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 20 October 2023.

Thom Bennett
Ombudsman