

The complaint

Mr R complains that Monzo Bank Ltd unreasonably blocked his account and questioned him about a payment.

What happened

Mr R holds accounts with Monzo. On 16 August 2023 he found that his accounts were blocked. His app said the issue was with a £18 flex payment he didn't recognise. But in the chat Monzo asked him about a payment of £55.62 from HMRC. He explained this was a refund of a customs charge.

Over the next two days Mr R contacted Monzo, but he was told his account was with a specialist review team and they couldn't offer any timescales. His account remained blocked until 18 August. They responded to his complaint to accept they hadn't completed their review in the correct way, and that the service they provided wasn't up to standard. They also accepted that in-app automated messages they'd sent were likely to have been confusing. To resolve the complaint Monzo paid Mr R £75.01 in compensation and 8% simple interest for the period he didn't have access to his account.

Not satisfied with this answer, Mr R referred his complaint to our service. One of our investigators thought the compensation already paid was reasonable and didn't ask Monzo to do anything further. Mr R disagreed, so the complaint has been passed 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.

The investigator has already highlighted that Monzo have legal and regulatory obligations to meet when providing accounts to their customers. Broadly these obligations are to monitor accounts and account activity for signs of financial harm – such as fraud, financial difficulties or the like. This can mean that on occasion they need to review payments made into an account – and the bank may also make a decision to block the account while they do. There is provision for this in the terms of Mr R's Monzo account.

I'm not persuaded that Monzo did anything wrong when they flagged the payment for review. They had concerns, so it is reasonable they be allowed to investigate them. Monzo aren't under any obligation to explain these concerns to Mr R. But I can see they promptly asked Mr R about this payment in the chat. He responded with a plausible explanation which was passed on for review.

There's no specific timeframe for a review to be carried out – so, while the block was clearly frustrating for Mr R I can't say Monzo did anything wrong by not providing a timescale. My expectation would be that it would be completed quickly and reasonably. There's always likely to be a degree of disruption when an account is blocked for review. But the bank should work to minimise this as far as possible.

Monzo have accepted though they could have allowed normal access to the account while the review was taking place – this really is a matter of their discretion, but as they've accepted this was an error, I'm satisfied that it caused Mr R more inconvenience than necessary.

In this case, the review was completed, and the account unblocked within two days, which I don't see as unreasonable.

I've reviewed the full chat history between Mr R and Monzo – it's already accepted that some of the automated messages asking to confirm payment details would have been irrelevant and confusing. This will have increased the frustration to Mr R.

Overall, I can see that this was a difficult experience for Mr R, and it's reasonably clear that he hadn't done anything wrong. But considering the length of time he was without the use of his accounts, and Monzo's legal and regulatory obligations, I'm satisfied that the £75.01 they've already paid represents more than fair compensation for the frustration caused, and the loss of use of his funds. On that basis I'm not persuaded Monzo need to do anything further.

My final decision

My final decision is that Monzo Bank Ltd do not need to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 July 2024.

Thom Bennett
Ombudsman