

The complaint

Ms H is unhappy that Monzo Bank Ltd rejected her application to open an account without providing an explanation. She is also unhappy with the service she received from Monzo throughout the process.

What happened

In early August 2023, Ms H applied online to open a Monzo account. Following this Monzo reviewed the application and on 3 August 2023, sent Ms H an email asking her some questions regarding her employment history and whether she had any connection to anyone working in public office.

Ms H responded to Monzo with the information promptly – she provided details of her employment history and explained that her late husband had been employed in public office.

Monzo responded to Ms H's email on 3 August 2023 thanking her for providing the information and said that it would pass the information she'd supplied across to its review team. And that they would be in touch with Ms H if they needed more information from her regarding her account application.

Ms H didn't hear anything more from Monzo. So, on 10 August 2023, she emailed Monzo to find out what was happening with her account application. At the same time Ms H submitted a Data Subject Access Request (DSAR) to try and understand the unexplained delay in trying to open an account with Monzo.

Monzo responded to Ms H's DSAR request on 1 September 2023. Ms H reviewed the information and was unhappy with the lack of information – especially as the information she'd received suggested that her account application had been declined and she hadn't received any formal communication from Monzo about the outcome of her application. So, on 3 September 2023, Ms H chased Monzo for an explanation about why she hadn't been able to open an account.

On 5 September 2023, Monzo responded to Ms H, and said it wasn't able to provide any further information than it had already done via its DSAR response and referred Ms H to the Information Commissioner's Office. However, in its response, Monzo addressed Ms H by an incorrect first name.

Ms H complained to Monzo. She said she was unhappy that Monzo had responded to her email using an incorrect name and that she hadn't been provided with a formal outcome of her application. She asked Monzo to give her the reasons behind its decision not to offer her an account. She said that she believed Monzo had unfairly profiled her because of her late husband and that her application had been subjected to automatic processing.

In response, on 5 September 2023, Monzo apologised for using the wrong name when it had emailed Ms H and told her that it wasn't able to offer her a bank account, but they didn't offer an explanation about why it didn't want Ms H as a customer.

In response to Ms H's complaint Monzo said it had manually reviewed Ms H's application before it had made the decision to decline her application. It also explained that it didn't have to provide Ms H with an explanation for its decision. Monzo also said that it hadn't taken too long to review Ms H's account application.

Unhappy with Monzo's response, Ms H brought her complaint to our service where one of our investigator's looked into what happened. Ms H said that based on the questions Monzo asked her she believes her account application had been refused because of her connection to her late husband, which is unfair and an abuse of the politically exposed persons (PEP) scheme – she can't think of any other reason for her application to be declined as she is financially solvent, has a good credit score and is employed. Ms H wants to know why Monzo declined her account application.

Ms H is also unhappy with the customer service Monzo provided and said Monzo took too long to tell her it didn't want her as a customer and referred to her by another name. She says it took Monzo too long to deal with her complaint. Overall, she said the level of customer service Monzo provided to her was poor, frustrating and upsetting.

The investigator asked Monzo to provide us with information about why it had decided to decline Ms H's application and why it had taken as long as it had done to let Ms H know it wasn't willing to offer her an account. But Monzo didn't provide the investigator with any information. The investigator said that based on the limited information, she couldn't say Monzo had treated Ms H fairly when it had decided not to offer her an account. So, she said that Monzo should pay Ms H £100 compensation for the trouble and upset this had caused her.

The investigator said Monzo had dealt with Ms H's complaint within eight weeks, which is the usual timeframe that a business has to respond to any complaint. However, she said that Monzo's service had fallen short. She said Monzo hadn't kept Ms H updated about her account application and had referred to her by an incorrect name. She said that Monzo should pay Ms H a further £100 compensation for the trouble and upset that this had caused.

Ms H accepted the view – however she said compensation wasn't important. She wanted to know why Monzo had declined her application. She still believes she has been unfairly treated based on her late husband being a PEP.

Monzo didn't respond. So, the investigator followed things up and asked it to provide more information about Ms H's application, its account opening processes and why it had declined Ms H's application. In response, it said that it wasn't obliged to offer Ms H an account and hadn't done anything wrong when it had declined her application. And it would now consider another application from Ms H.

The investigator looked at the information and said Monzo still hadn't provided us with enough information. So, she remained of the view that Monzo hadn't treated Ms H fairly when it declined her account application. Monzo disagreed and asked for an ombudsman to review the complaint.

As no agreement could be reached 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.

Each financial institution has its own criteria and risk assessment for deciding whether to offer an account to a customer and that this is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. But they shouldn't decline to provide an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly

It is not in my remit to say what policies or risk appetite Monzo should have in place. Our service doesn't have the powers to tell a business to change their processes and procedures. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

In response to the investigator's view, Monzo has said it is not obliged to offer an account to a customer and it has its own control processes for reviewing all account applications. Monzo is correct that a bank can make its own decisions about whether or not to accept someone as a customer. And it doesn't have to give reasons. It has explained that Ms H's account application failed to pass one of the checks it uses to assess each application. However, despite being asked by the investigator Monzo hasn't sufficiently explained why Ms H failing one of the particular checks meant it wasn't able to proceed with her application - in particular it hasn't explained why it didn't reach out to Ms H at the time for clarification about the information Ms H had provided.

I understand Ms H wants Monzo to explain the reason it declined her account application. It can't be pleasant being told you are not wanted as a customer. But Monzo isn't under any obligation to tell Ms H the reasons behind its decision as much as she'd like to know. So, I can't say it's done anything wrong by not giving Ms H this information. And it wouldn't be appropriate for me to require it do so.

However, Monzo needs to provide information to this service so that we can fairly decide a complaint. Despite being asked by the investigator, Monzo has failed to provide sufficient information about why it declined Ms H application. I've considered what Monzo has said about why it won't provide further information to our service. And the information it has provided. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by Monzo exclude it from complying with these rules.

After looking at all the evidence and circumstances of this complaint, I'm not satisfied that Monzo has provided enough information to this service about why the checks it completed following Ms H account application presented a risk to the bank if it had proceeded with Ms H's application.

Whilst I can see that Monzo did ask Ms H some questions, about her connection to anyone in public office, I can't see that Monzo asked Ms H any follow up questions about her employment or income that may have explained things and alleviated any concerns that their checks highlighted. So, in this particular case, because of the lack of information, I can't be satisfied that Monzo has treated Ms H fairly when it declined her application. Taking this into account, I agree with the investigator that Monzo should pay Ms H £100 compensation for the trouble and upset this caused.

I've next considered the service Monzo provided Ms H throughout the account application process. Ms H says Monzo took too long to let her know her application hadn't been successful and referred to her by someone else's name. Monzo hasn't been able to show it kept Ms H updated about how her application was progressing. It appears Ms H was only

made aware she'd been unsuccessful after she made a complaint to the bank – which was over a month after she'd made her application and after she had been put to the trouble of sending chaser emails and submitting a DSAR. Unfortunately, when Monzo did finally tell Ms H she hadn't been successful it addressed Ms H by someone else's name, which whilst I accept mistakes do happen, caused Ms H upset.

Overall, I'm persuaded that Monzo's communication in this case, should have been better, and its service fell short of what Ms H could have expected. So, I'm satisfied that Monzo's poor service has caused Ms H trouble and upset. The investigator has recommended Monzo pay Ms H a further £100 compensation to recognise this. I acknowledge Ms H's comments that her complaint has never been about compensation, but I'm satisfied, having considered the impact Monzo's actions had on Ms H that this is fair and reasonable.

In summary, because of the lack of information provided by Monzo I can't be satisfied that Monzo has treated Ms H fairly when it declined her account application. Ms H says she was very upset when Monzo rejected her application. And she spent time trying to find out what (if anything) she had done wrong. She took the trouble to submit further information to the bank so that it could review her application again. She also made a second application. I'm also satisfied that Monzo has let Ms H down with its poor communication. So, taking all of this into account, Monzo should pay Ms H £200 compensation for the trouble and upset this matter has caused her.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint.

To put things right Monzo Bank Ltd should pay Ms H £200 compensation for unfairly rejecting Ms H's account application and its poor communication.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 30 April 2024.

Sharon Kerrison
Ombudsman