

The complaint

Miss M complains that Monzo Bank Ltd (“Monzo”) unfairly lodged a marker against her and delayed the removal of it.

What happened

Miss M opened an account with Monzo in 2021 to assist her with future travel and educational plans. She said that at some point after opening it, her phone and bank card were lost at a party and later returned to her. As the account hadn’t held any funds, she said she wasn’t concerned.

Later in mid-2021, Monzo closed the account without further explanation. Miss M said she didn’t think too much about it at the time as she hadn’t started using it. In early 2022, a number of Miss M’s other accounts were closed, again without explanation and she was also rejected when trying to open other bank accounts. In the meantime, Miss M was assisted by her family with her banking.

Miss M later found that Monzo had applied a fraud marker against her and lodged it with CIFAS – a fraud prevention organisation. Miss M contacted Monzo in May 2023 and followed up with a complaint in August that year. Monzo relooked at the situation and agreed to remove the marker in October 2023. They wrote to Miss M in November 2023 and told her it had been removed and paid £250 to recognise the trouble this had caused her.

Miss M was still unhappy and brought her complaint to the Financial Ombudsman Service for an independent review. An investigator looked at the circumstances and didn’t think that Monzo had treated Miss M fairly and recommended a further payment of £150 compensation.

Miss M rejected the recommendations, believing Monzo should pay her a higher amount of compensation to cover the cost of devices she’d had to purchase using her families banking arrangements.

Monzo accepted the additional compensation and agreed to pay a further £150. As no agreement could be reached, the complaint has now been passed to me for a decision.

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.

As Monzo have already removed the CIFAS marker, I no longer need to consider this aspect of the complaint. They’ve accepted they shouldn’t have lodged it, so the only remaining issue is in relation to the level of compensation they should pay to Miss M.

Miss M has argued that Monzo should pay her sufficient to cover the cost of items she purchased through her alternate banking arrangements. To be clear, I’m only considering how Monzo’s decision impacted Miss M, it’s not a figure based on the repayment of specific

items.

It's apparent that Miss M first started to notice changes to her banking from Monzo's decision in the first half of 2022 when her accounts were closed, and she was unable to open others. Her family stepped in and around May 2022 they arranged alternative banking for her. This required a slightly convoluted process to allow Miss M to receive her part time wages and to make payments.

Monzo were first contacted around May 2023, and they asked for its removal at the end of October 2023. They told Miss M in November 2023 that it would take a month or so to fully update the various systems.

It did take a few months to get the situation dealt with, but after a complaint was lodged in August, the marker was removed within a couple of months. I wouldn't say that Monzo overly delayed their investigation, although I accept that Miss M would have wanted a much quicker resolution to her situation.

There's little doubt that Miss M experienced difficulties with her personal banking which would no doubt have been upsetting and frustrating. It's fortunate here that her family were able to assist, so she wasn't left without some form of banking arrangements for very long. Miss M said the lack of an account prevented her from leaving home – but as there's no evidence to support that, I haven't considered this further.

I also understand Miss M had a further account application rejected in January 2024. Because this was with a different bank, it would be for them to answer any complaint Miss M may wish to raise concerning their rejection of her application.

I think the increased recommendation to a total payment of £400 recognises the ongoing impact this had on Miss M and the additional steps she had to take to obtain banking arrangements. It also recognises the stress and anxiety she no doubt felt by Monzo's actions. Taking all these matters into account, I think the revised recommendation of £400 (in total) is both fair and reasonable in the circumstances.

My final decision

My final decision is that I uphold this complaint against Monzo Bank Ltd and in order to settle it, they're instructed to pay an additional £150 to Miss M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 June 2024.

David Perry
Ombudsman