

The complaint

Ms A complains that Monzo Bank Ltd closed her account soon after opening. She'd like compensation and for Monzo to rectify her credit file.

What happened

On 8 November 2022 Ms A applied for a current account with Monzo. However, soon after opening, on 12 November 2022, Monzo made the decision to close Ms A's account immediately.

Ms A wasn't happy with Monzo's decision to close her account. She said they should have done all of their checks before opening her account. She'd like them to remove the negative information from her credit file, but doesn't want her account reopened.

Monzo looked into Ms A's complaint but thought they acted fairly in closing her account. However Monzo accepted they took too long to respond to Ms A's complaint and offered her £25 compensation.

Ms A didn't accept Monzo's response so brought her complaint to our service. Ms A explained that she isn't questioning why the account was closed, instead she's unhappy that due diligence checks weren't completed prior to the account being opened.

One of our Investigator's looked into Ms A's complaint. On reviewing everything they thought Monzo acted fairly in both the opening and closing of Ms A's account.

Ms A didn't agree. In summary she said:

- Nothing changed between 8 November 2022 and 12 November 2022 when Monzo closed her account. They should have carried out sufficient due diligence, as the FCA principles outline. And she'd like the closure entry removed from her credit file.
- Monzo relied on third party fraud markers incorrectly loaded against Ms A by other providers. They haven't explained how it's fair to rely on these.
- She's not questioning the £25 paid for poor service in responding to her complaint.

As Ms A didn't agree it's 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.

In essence Ms A's argument is that Monzo didn't carry out sufficient due diligence checks when her account was opened. And on carrying out secondary checks after opening her account they found two negative fraud markers loaded by third party banks against her name. Which led to them deciding to close it. Ms A argues this is unfair.

Monzo made its submission to our service in confidence. Our rules allow this; it's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it.

Here, the information (and its source) is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Monzo has treated Ms A fairly. So I'm persuaded I should take it into account when deciding the outcome of the complaint.

I've reviewed the evidence Monzo have shared with our service. I understand that Ms A feels strongly that the initial checks Monzo carried out weren't sufficient, and that's why on further checks being carried out post closure they decided to close her account. However, from the evidence that's been shared with our service in confidence I can't say that's the case.

I've reviewed the terms and conditions of Ms A's Monzo account, including the terms for immediate closure, and having done so I'm satisfied they acted fairly in closing her account immediately. I'm afraid I can't share Monzo's reasons for closing Ms A's account, but I can say that I've not seen any evidence that Monzo made their decision due to third party fraud marker loadings against her.

I appreciate that Ms A would like the information about the closed account removed from her credit file. I've considered this, but I'm afraid I won't be asking Monzo to remove this. Ms A accepts she applied for her Monzo account. And Monzo have a responsibility, which is included in their Customer Privacy Notice, to accurately report information to credit reference agencies. I'm satisfied they've done that fairly here.

For the reasons I've outlined above I won't be asking Monzo to do anything further here.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 19 July 2024.

Jeff Burch
Ombudsman