

The complaint

Mr S complains that Monzo Bank Ltd closed his account without notice and without giving him a reason. He would like his account reopened.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr S had an account with Monzo which he opened on 24 November 2023. Following a review of the account Monzo blocked and decided to close Mr S' account with immediate effect on 16 January 2024. They transferred the funds in Mr S's account to another account he provided to them.

Mr S complained. He said Monzo hadn't given him a reason for the closure. Monzo said they had followed their internal procedures.

Mr S complained to our service. One of our investigators looked into the complaint. She thought Monzo should have given Mr S 60 days' notice of the closure of his account. She awarded him £100 compensation. She said Monzo didn't need to give a reason for closure. She didn't think Monzo needed to reopen the account as they could close it giving 60 days' notice.

Monzo accepted the view.

Mr S disagreed he said he wanted the account reopened. He had provided evidence of the legitimacy of his transactions, and he thought the account should be reopened. The investigator replied that the bank could make a commercial decision to close someone's account and give 60 days' notice.

As there was no agreement 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.

I'll start by setting out some context for the review of Mr S's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Monzo were complying with these obligations when they reviewed Mr S's account.

Following the review Monzo closed the account with immediate effect. Our investigator thought Monzo should have given Mr S 60 days' notice to close the account. Monzo agreed with her view and her offer of £100 compensation.

Mr S has said he provided this service with evidence of the transactions on the account. He says these were genuine and therefore Monzo shouldn't close the account. Mr S has said he would like the account reopened.

It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. In this case Monzo have accepted they should have given Mr S 60 days' notice and have agreed to pay compensation.

I have gone on to consider if £100 is fair compensation for the immediate closure and I think it is. I say this because this was not Mr S's only account and he didn't use it for everyday expenditure and bills. He told us he used it for paying friends and trading, so I don't think the closure of this account with immediate effect had substantial impact to warrant an increase in compensation.

I have gone on to consider if Monzo should reopen Mr S's account. And I don't think it needs to. I say this because Monzo like all other banks have commercial discretion about who they wish to do business with. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. The account terms allow Monzo to close an account without reason giving 60 days' notice so it would be inappropriate for me to oblige them to reopen the account.

Mr S has said he wants to know the reason for the closure of his account. Whilst Mr S may've expected to be given the reasons for the account closure. Monzo isn't required to give him a specific reason. And I can understand Mr S's frustration that he hasn't been provided a detailed explanation. But as the investigator has explained, Monzo is under no obligation to provide this information to him, as much as he'd like to know. So, I can't say Monzo have done anything wrong by not giving Mr S this information.

Mr S has also mentioned that there were customer service issues with the way Monzo dealt with the complaint. Monzo tried to call Mr S on 23 January 2024 but couldn't reach him. I can see they updated him by email two days later. I don't think the small delay had an impact on Mr S being able to pursue the complaint, so I won't be awarding any compensation here.

My final decision

For the reasons stated above I partially uphold this complaint. I direct Monzo Bank Ltd to pay Mr S £100 in compensation for the distress caused by the immediate closure of his account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 August 2024.

Esperanza Fuentes
Ombudsman