

## **The complaint**

Mr C complains that Monzo Bank Ltd unfairly blocked and closed his account.

Mr C is also unhappy that Monzo took too long to release funds held in his account back to him, which caused him trouble and upset.

## **What happened**

Mr C had a current account with Monzo, which he opened in 2020.

On 2 February 2024, a payment of £1,000 was made into Mr C's account. Following this, in order to comply with its legal and regulatory obligations, Monzo reviewed Mr C's account and asked him for information about why he'd received the money. And where it had come from.

Whilst it completed its review and waited for Mr C to provide the information, Monzo blocked the account – which meant Mr C couldn't access any of the money in it. At the time the money was paid into Mr C's account the balance of his account was just under a pound.

Mr C responded to Monzo's request via its in app chat facility. He told Monzo that he'd received the money from a friend to buy football tickets for a group of people. He said he hadn't yet bought the tickets. And couldn't provide any evidence to support his explanation it had all been agreed in person with the people involved.

Monzo decided to close Mr C's account and asked him to provide them with details of another bank account so that it could return his account balance back to him. Mr C sent Monzo the details on 3 February 2024 and told Monzo that he needed his money returned as soon as possible. In response, Monzo said it would return Mr C's balance once the process to close his account had been completed and gave him a timeframe of two to four weeks.

Mr C wasn't happy with this response and complained. He also contacted Monzo over several days via its in app chat facility chasing his balance. Monzo apologised but said that it couldn't speed up the process and would get the funds back to Mr C within the timeframe. However, it said it recognised that Mr C had been chasing them for an answer and its communication had fallen short because Mr C had to contact them on more than one occasion for an answer. So, it offered Mr C £50 compensation for any inconvenience this had caused him.

Monzo closed Mr C's account on 14 February 2024 and returned Mr C's balance to him on 16 February 2024.

Mr C brought his complaint to our service. Mr C said Monzo had taken too long to release his money back to him and that having to wait as long as he did for the funds in his account meant he couldn't pay for everyday essentials such as food, and he had to resort to using

vouchers. He also said he couldn't pay his rent and his landlord threatened him with eviction. So, he said he was caused a great deal of distress and inconvenience.

One of our investigators reviewed the complaint. She thought Monzo hadn't done anything wrong when it blocked and closed Mr C's account. She said Monzo had acted in line with their legal and regulatory obligations. However, she said Monzo took too long to return Mr C's closing balance, so she recommended Monzo should pay Mr C £100 compensation for the inconvenience this had caused him.

Mr C agreed. Monzo disagreed. It said it hadn't done anything wrong when it had blocked and reviewed the account. It said it had done so in order to comply with its legal and regulatory obligations. Monzo also said that it had closed the account in line with the terms and conditions. And that it hadn't caused any delays in returning Mr C's money and said it had followed its processes and agreed industry regulatory timeframes.

As no agreement could be reached the complaint came to me to decide. After reviewing all of the evidence I issued a provisional decision in which I said the following:

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. 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 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 Mr C fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

As the investigator has already explained, Monzo has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

Monzo will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result.

Having reviewed all the evidence, including the information Monzo provided in response to the investigator's view, I'm satisfied that Monzo were acting in line with its legal and regulatory obligations when it restricted Mr C's account in February 2024. I understand not having access to his account caused Mr C distress and inconvenience, and Mr C wants to be compensated for this. But it wouldn't be appropriate for me to award Mr C any compensation since I don't believe Monzo acted inappropriately in taking the actions that it did when it blocked and reviewed Mr C's account.

I understand that Mr C wants Monzo to explain the reason it applied the block to his account in the first place. And I can see that Mr C asked Monzo to explain itself on several occasions. But Monzo doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr C the reasons behind the account review and block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr C this information. And it wouldn't be appropriate for me to require it to do so.

While Monzo are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. I recognise the overall time Monzo took to complete its review and

release Mr C's funds was around two weeks. I'm satisfied from looking at the available information that Monzo were proactive in completing its review from the time it blocked the account. So, I can't say Monzo has treated Mr C unfairly in taking the time it did to complete its review.

The crux of Mr C's complaint is that Monzo took too long to release his funds back to him and that the delay had a severe impact on him financially as he wasn't able to pay for food and his rent. He says his landlord threatened to evict him. He has pointed out that he provided his bank account details to Monzo on 3 February 2024. And that the two to four week timeframe Monzo gave him to return his funds was far too long and had a severe impact on him financially. Monzo has said that it didn't cause any delays and returned Mr C's funds within the agreed regulatory timeframe. And in line with its processes. So, I've looked at what was happening between 3 and 16 February 2024. And whether Monzo caused any delays in releasing Mr C's money.

Having done so, I can see that Monzo were completing administrative processes in order to comply with its legal and regulatory obligations so that it could release the account balance back to Mr C. Monzo has rightly pointed out that this was a process that had to be completed – if it didn't do so the bank could face serious penalties. I've looked at the timeline and what Monzo were doing whilst the account was blocked, and I'm not persuaded that Monzo have caused any delays in returning Mr C's funds to him.

In reaching this conclusion, I've kept in mind the impact Mr C has said being without his funds had on him. But I've also kept in mind that Mr C told Monzo that the reason he had received the £1,000 into his account was to buy football tickets. So, this suggests to me the money wasn't to pay for everyday living expenses such as food or rent which is what he told this service and Monzo. I note too that despite being asked by the investigator Mr C hasn't provided any evidence to support the impact he says Monzo's actions had on him.

Overall, having looked at all the circumstances of this complaint, I'm not satisfied that Monzo have done anything wrong in taking the time it did to release Mr C's money. I'm satisfied that Monzo released Mr C's balance back to him as soon as it had done what it needed to do to comply with its obligations. So, it wouldn't be appropriate for me to direct Monzo to pay Mr C compensation to resolve this aspect of his complaint, since I'm not persuaded it treated Mr C unfairly.

I'll next deal with Monzo's decision to close Mr C's account. Sometimes following a review, a bank will decide to close an account. Monzo is entitled to close an account with Mr C just as he is entitled to close his account with Monzo. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very 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.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. But before Monzo closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Monzo could close Mr C's account by giving at least two months' notice. And in certain circumstances it could close the accounts immediately.

In this case Mr C wasn't able to use his account after Monzo blocked it. So, I consider Monzo closed Mr C's account immediately since he wasn't able to use the account following the block. For Monzo to act fairly here they needed to meet the criteria to apply their terms

for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Monzo has complied with this part.

I've then gone on to consider whether the bank's reasons for closing the account was fair. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Monzo has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr C due to its commercial sensitivity. But I've seen nothing to suggest Monzo's decision around closing Mr C's account was unfair.

Finally, I can see that Monzo has accepted it fell short on the service it provided to Mr C because Mr C had to repeatedly contact them via its in app chat facility trying to find out what was happening with his account balance. Monzo has apologised and offered Mr C £50 compensation. I think this is a reasonable and fair offer. So, I won't be asking Monzo to do anything more.

Monzo didn't respond to my provisional decision. Mr C accepted my provisional decision. In summary he said he was always happy to accept Monzo's offer but he had simply not been able to get in touch with the bank.

Now both sides have had an opportunity to comment I can go ahead and issue my final 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 neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view, for the reasons set out in my provisional decision, which are repeated above and form part of this decision, that Monzo has made a fair offer to resolve Mr C's complaint.

### **My final decision**

Monzo has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So, my final decision is that if it hasn't already done so, Monzo Bank Ltd should pay Mr C £50.

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

Sharon Kerrison  
**Ombudsman**