

The complaint

Mr T complains that Monzo Bank Ltd told him it was closing his accounts. But then told him this was a mistake. Monzo offered Mr T compensation. Mr T says Monzo haven't done enough to put things right.

What happened

Mr T had a current account and joint account with Monzo, which he'd had for a number of years. Mr T received his wages into his current account and had recently set up a savings account to put aside money for an upcoming overseas trip.

Mr T had an agreed overdraft on his current account of £2,000 and made repayments towards other debt he had from his current account via standing orders.

On 26 October 2023, Monzo wrote to Mr T via its in app chat to tell him that it had decided to close his account. Monzo said it was no longer willing to offer him banking facilities and gave Mr T 60 days' notice that it intended to close his account.

Mr T was shocked to receive the message and contacted Monzo to try and find out what was happening with his account and why the bank no longer wanted him as a customer. Monzo said it couldn't give him any more information. And that his account would close on 2 December 2023. Monzo said that Mr T would then have to repay his overdraft within 30 days.

Mr T asked about the borrowing he had with the bank. But Monzo didn't explain what would happen to Mr T's borrowing products and whether they needed to be repaid on closure. So, over the following months (during the notice period) Mr T contacted Monzo's recovery team and set up repayments to cover the outstanding balances on his borrowing until everything would be repaid, including the £1,900 to repay his overdraft.

On 27 December 2023, Monzo told Mr T that it had made a mistake and that his accounts were not going to be closed. Monzo said this had been due to internal errors – although it said it couldn't provide any more details. Following this Mr T complained to Monzo.

In response, Monzo apologised for any trouble and upset its mistake had caused Mr T and offered him a £125 compensation. Monzo also recognised that it hadn't provided the best of service to Mr T when he had contacted them via its in app chat facility about his account being closed. So, it offered Mr T, an additional £30.

Mr T remained unhappy and brought his complaint to our service. He said the amount of compensation offered by Monzo doesn't adequately reflect the level of trouble and upset he has been caused by Monzo's mistake. He told us that during the time the accounts were marked for closure he had to answer questions from his wife as to why Monzo were closing his accounts, which he says caused a lot of stress in their relationship.

Mr T said he also suffered with stress at work as he was in a position where he didn't know if he would have to pay back all the monies owed to Monzo on 27th December 2023, which

meant he approached his manager to see if they would be able to support him with a financial advance on his wages in case, he needed to pay off everything he owed. Mr T says having to explain the situation to his employer caused him a great deal of embarrassment, especially as he held a relatively senior position within his organisation.

Mr T has explained that his work and home life suffered, and he had several sleepless nights because he was worried about what was going to happen and how he would cope having to use all his money and more to pay off what he owed Monzo. Mr T says his mental health suffered and he consulted a doctor for help, because he was worried, he wouldn't be able to cope with the financial pressures of having to repay his debts sooner than he'd anticipated. Mr T says the way Monzo has acted is shambolic. He said he couldn't speak to anyone at Monzo and instead was passed from pillar to post in Monzo's in app chat facility and had to keep repeating himself, which was upsetting and frustrating. So, overall, he wants more compensation.

Our investigator considered Mr T's complaint and how Monzo's actions had impacted him. For the trouble and upset caused by Monzo's mistake and poor service, she thought Monzo should pay Mr T £300 compensation.

Mr T agreed with the investigator's recommendation. Monzo didn't. It said its offer was fair, and Mr T still had access to his accounts.

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.

The first thing to say here is that Monzo has accepted it made an error when it told Mr T it was closing his accounts. It has said that this was due to an internal error. Monzo has also accepted that it should have provided Mr T with better service when he contacted them about what was happening with his accounts and to plan to repay his debts.

As a result of Mr T being told that his accounts were going to be closed Mr T had to go to the trouble of rearranging the repayments for his debts, which included finding funds to clear his Monzo overdraft, setting up payments to meet his loan repayments and contacting Monzo's recoveries team. He also had to spend time reorganising direct debits that were set up on his account. So, I'm satisfied that Mr T was caused inconvenience by Monzo's mistake.

Mr T has explained that he was both shocked and upset at finding out that Monzo had decided it no longer wanted him as a customer. Mr T has submitted that he has always maintained the accounts properly, and that he had been a good customer, so he couldn't understand why the bank wouldn't be happy for him to keep his accounts. Mr T has said he was very upset when he contacted Monzo to try and find out what was happening and wasn't given much information by the advisors he spoke to via Monzo's in app chat facility. He's said because he didn't deal with the same advisor each time, he had to repeat everything, which was frustrating and time consuming. And he has explained as a result of everything that his home and work life was impacted. Based on what Mr T has explained I think it is appropriate for Mr T to get some compensation for the trouble and upset Monzo's actions caused him.

The investigator recommended Monzo pay Mr T £300 compensation for wrongly telling him it was closing his accounts. Monzo has disagreed and said the amount of compensation it offered to Mr T prior to him bringing his complaint to our service is enough to put things right.

Having looked at all the circumstances and evidence of this complaint, I'm satisfied that Mr T is entirely blameless here. Monzo made a mistake, which based on the evidence appears to be simply any internal error. There is nothing more to it than that.

Having taken all the above into account, I don't feel the amount of compensation offered by Monzo takes sufficient consideration of the worry, frustration, and inconvenience that Mr T has experienced as a result of Monzo's mistake and poor communication.

As I said above, I am satisfied that Mr T should be compensated for this. I've also kept mind that Mr T believed his accounts were going to be closed for around three months, which isn't an insignificant amount of time, and he had to spend time trying to make arrangements to repay debt sooner than he'd planned. So, I think the upset caused by the uncertainty of how Mr T would repay what he owed, together with the time he had to spend speaking to Monzo and trying to organise how he was going to continue to meet his lending obligations, makes it reasonable for Monzo to pay compensation. With this in mind, I agree with the investigator, that an award of £300 compensation is fair.

My final decision

For the reasons I've explained I uphold this complaint and direct Monzo Bank Ltd to put things right by doing the following:

- Pay Mr T £300 compensation for the trouble and upset caused by wrongly informing Mr T it was closing his accounts and its poor level of communication.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 October 2024.

Sharon Kerrison
Ombudsman