

The complaint

Mr T complains on behalf of a limited company which I will refer to as A, that he as sole company director has been unable to access his business funds. This has caused A inconvenience and financial losses.

What happened

In December 2022 Mr T and Mr O set up a limited company A, of which they were the only two directors. Mr T and Mr O set up a business account for A with Monzo.

Mr O then agreed to sell his share in A to Mr T, which would leave Mr T as the sole director of A. On 20 December 2023 Mr T asked Monzo to remove Mr O from A's account. Before Monzo could agree to remove Mr O from the business account they required Mr O's approval. But on reaching out to him, Mr O didn't initially reply. On 13 January 2024 Monzo closed Mr T's personal current account and on 16 January 2024 they decided to immediately remove his access to A's account. At this point they had not received confirmation from Mr O that he was happy to be removed, and Companies House still showed him as a Director, so they also contacted Mr O to tell him Mr T had been removed.

From 17 January 2024 only Mr O could access the account, but Mr O was no longer involved with the business. Monzo froze the business account on 31 January, after which neither Mr O nor Mr T could access the account. On 2 February 2024 Mr O confirmed to Monzo he had sold his share in A to Mr T. Mr O formally resigned as Director of A on Companies House on 8 March 2024.

From January Mr T contacted Monzo numerous times to seek access to A's account to enable him to run the business and remove Mr O's access. Mr T also provided the details of a new account in A's name for the funds to be transferred to if he could not regain access to the account. Despite numerous phone calls, emails and text chats Monzo help teams were unable to assist with this.

Mr T complained on A's behalf to Monzo. Monzo updated Mr T and informed him they were not yet able to respond to his complaint due to a high number of complaint cases. At this point Mr T raised A's complaint to the Financial Ombudsman Service.

Our Investigator sought some more information from Mr T about the account closure. The Investigator also contacted Mr O to check his understanding of the situation. Mr T and Mr O provided this information. Our Investigator contacted Monzo about their decision to remove Mr T from A's account but received no information. Our Investigator then issued an outcome that recommended Monzo should give Mr T full access to A's account.

Mr T accepted this decision on behalf of A and followed up with more information to demonstrate the losses that A had suffered. The Investigator then issued an updated outcome, adding that as well as providing Mr T access to A's account, Monzo should provide compensation of £10,342 for loss of earnings, and £500 for loss of reputation and inconvenience.

Monzo didn't agree and provided our Investigator with more information about why they chose to remove Mr T's access to A's account. Monzo advised Mr O that they were planning to close A's account in June 2024, and on 1 June 2024 they transferred A's balance to a nominated account.

Our Investigator issued an updated outcome. Having reviewed the information provided by Monzo about why they chose to remove Mr T's access to A's business account, they thought that Monzo had acted fairly and in line with their terms and conditions, and so would not be upholding A's complaint.

Monzo accepted the outcome but A, as represented by Mr T, did not. Mr T set out several reasons, I have summarised the points below in my own words:

- He believed the Investigator's opinion did not properly reflect the nature of his complaint.
- The funds Monzo sent to A's new bank account took too long to be provided
- He believed Monzo had removed his access to his business account because of how he used his personal account, and this was unfair as he and A are separate legal entities.
- His removal from A's account was not fairly communicated
- He believes A should be compensated for its losses: £10,342 for loss of profit and additional damages

Mr T also added that he has concerns with fraudulent activity being undertaken on the account, when he didn't have access, and he is dissatisfied with how Monzo dealt with the closure of his personal account. Our Investigator has told Mr T he would need to raise these concerns separately with Monzo and potentially raise a separate complaint. I can confirm that this is the right approach for Mr T to take and I won't be discussing these issues here.

Because Mr T did not accept the outcome, the case has been passed to me to review.

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.

Removal of Access

Monzo will at times review accounts and potentially remove customer's access to them, in order to comply with legal and regulatory requirements placed on them. Monzo have provided their reasons for removing Mr T's access to A's account. I can confirm, as Mr T notes, that this was not an administrative error, but a decision by Monzo. I have reviewed Monzo's reasons for removing Mr T's access to A's account, and I believe the decision was fair.

Mr T notes that he believes Monzo did not appropriately communicate their plans to remove his access to A's account. He cites that when Monzo had concerns about how he was using his personal account they communicated those to him before taking any action, so he had an opportunity to change how he was using the account. I appreciate why Monzo's communication about his personal account may have given Mr T an expectation that Monzo would communicate in a similar way if they had concerns about his access to A's account. However, Banks will close accounts, or remove access to them, for a variety of reasons, and

how banks communicate about these decisions are different depending on the specific circumstances. Banks are allowed to remove access to accounts without communicating in advance, but only for a limited number of reasons. Having reviewed the specific reasons given by Monzo for removing Mr T's access to A's account I believe the decision to remove access without communicating about it in advance was fair.

Mr T notes that he thinks that Monzo took into account how he was using his personal account when they decided to remove his access to A's account. Mr T thinks this is unfair because he and A are separate legal entities. While Mr T is correct that he and A are separate legal entities, Monzo's decision was to remove Mr T's access to A's account. I won't comment on the specific reasons Monzo gave for removing Mr T's access, but I think it is fair for Monzo to consider Mr T's actions when deciding whether to allow him access to an account. There are legal requirements on Monzo to consider this information. As such I think it would be fair for Monzo to take into account Mr T's actions when considering his access to A's account.

I appreciate Mr T would want to understand what evidence I am using to make this determination. However, Monzo has provided information that I am treating in confidence, a power available to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook. DISP 3.5.9R states:

"The ombudsman may:

(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate; ..."

Release of Funds

Mr T argues that it took Monzo too long to resolve the situation and transfer A's funds to a new bank account. Monzo argue that the situation was complex and they had to discuss the case internally with specialist teams, which led to a delay in releasing the funds. Monzo also argue that as Mr O was still an administrator on the account they needed to communicate about A's account with him. Mr T argues that this was not appropriate and contributed to the delay in releasing the funds.

I appreciate why Monzo would want to communicate with the account administrator in day-to-day processes. However, from 9 March 2023 Monzo were aware that Mr O was no longer a Director of A. I do not think Monzo should have continued to discuss A's account with Mr O when he no longer had any authority to act for the business.

I think the delay until 2 February 2024 was understandable, as Monzo would rightly want to ensure that they had confirmed with Mr O himself that he had sold his share before moving funds out of his control. I can also see why Monzo would not want to allow Mr T to re-access the account, but according to Monzo's notes Mr T provided them with the details of an account in A's name at a new provider on 9 March 2024, alongside evidence he was the sole director of the company. From this point on I think Monzo had an opportunity to resolve the situation by moving A's funds to a new account, once they had completed their necessary checks.

I have seen only limited evidence of activity to resolve the case between 9 March, when Mr T provided new account details and Mr O was removed from Companies House, and early April when our Investigator began to try to negotiate a solution. I think Monzo should have

proactively progressed the case further before the Ombudsman Service got involved. However, once our Investigator began to work with them I can see Monzo were actively taking steps to resolve the situation between early April and 1 June when they transferred the funds. I can see why, from Mr T's point of view, it seems like this took a long time. But I also appreciate why Monzo may have found the situation complex. Given the overlap between Monzo's removal of Mr T's access and Mr O selling his share of the business to Mr T a level of delay was inevitable. Monzo had to find a balance between ensuring A was protected from potential risk and allowing A to continue doing business. A bespoke solution for this specific situation had to be found. Therefore, while I think Monzo could have been more proactive in March to resolve this, I don't think overall the time taken was unfair.

Compensation

Mr T argues that he believes Monzo should pay compensation for loss of profit and the inconvenience A suffered. Having reviewed phone calls, messages and text chats between Mr T and Monzo I can appreciate why Mr T would have found the process very frustrating. I also acknowledge that Mr T has provided substantive evidence of the financial losses he believes A suffered because of Monzo's actions

I appreciate Mr T will be disappointed by the outcome I've reached, but given I think that Monzo acted fairly, I won't be asking Monzo to do anything further.

My final decision

My final decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 21 November 2024.

Katy Grundy
Ombudsman