

The complaint

Mr A complains about the service provided by Monzo Bank Ltd (Monzo) when it stopped a payment transfer he wanted to make and blocked his account.

To put things right Mr A would like Monzo to pay him substantial financial redress.

What happened

Mr A tried to transfer a five-figure amount from his Monzo account via a third party money transfer service ('app'). Monzo declined the payment. After speaking to Monzo, he attempted a further payment. This was also declined and Monzo blocked Mr A's access to his account.

When Mr A complained to Monzo about what happened, Monzo didn't uphold Mr A's complaint. It said:

- his first attempted payment was declined because Mr A had exceeded the in-app limit set at £10,000.
- Mr A's next payment attempt was flagged as risky by its fraud monitoring system, which was in place to protect his money.
- Monzo had followed correct process in line with the account terms and conditions.
- Monzo was required to ask questions about the payment to understand the circumstances in order to help protect Mr A's money from fraud/scam attempts.

Mr A didn't feel this was a satisfactory response and so he brought his complaint to us.

Our investigator didn't think she had seen enough to ask Monzo to take any further action. She said that Monzo followed its internal processes correctly. She didn't consider that Mr A had lost money as a direct result of Monzo doing anything wrong and it hadn't acted unfairly or unreasonably.

Mr A strongly disagreed with our investigator. He particularly wants to know why Monzo froze his account and funds after speaking to him and he was able to answer the questions he was asked. He's concerned about how long he was unable to access his account. He doesn't feel that Monzo was entitled to ask the detailed security questions it put to him and says Monzo had no right to take the actions it did and deny him access to his money.

Mr A has asked for an ombudsman to review his complaint, so it comes 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 can understand why what's happened has been upsetting and frustrating for Mr A. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

I've briefly summarised and expressed in my own words what seem to me to be Mr A's main concerns and my focus is on what I think are the key issues here. Our rules allow me to do this and this approach simply reflects the informal nature of our service as a free alternative to the courts.

In order to uphold Mr A's complaint and award the redress he is seeking I would have to find that Monzo made an error or acted in a way that wasn't fair and reasonable and this led to Mr A suffering financial loss or some other detriment. So I've looked at what happened with this in mind.

As I understand things, Mr A now accepts why Monzo declined his first payment attempt. Mr A put things this way: '... I tried to send money ... using the (money transfer) app exceeding the limit of 10,000, which was obviously declined as it was well above the limit.' So, save for confirming that I agree with what the investigator said about this aspect of Mr A's complaint, there's nothing further I can usefully add.

I'm concentrating on Mr A's complaint about Monzo blocking his further payment attempts and preventing him from accessing his account for an unreasonable length of time.

Monzo has explained that its fraud detection system identified the need for a check before Mr A's payment could be authorised. I don't underestimate how anxious this left Mr A feeling when this happened to him. But it makes no difference that Mr A had previously talked to Monzo when his payment was initially blocked for a different reason and he'd explained why he was making the payment. These checks are designed in the interests of Monzo customers to help keep their money safe and prevent fraudulent activity on their accounts. The relevant account terms and conditions, which Mr A would've agreed to in order to be able to use his account, allowed Monzo to refuse his payment instruction in these circumstances.

So I don't find that Monzo made any error or did anything wrong when it blocked the transfer Mr A wanted to make.

Nonetheless, Monzo still needed to act in a fair and reasonable way towards Mr A. I've thought carefully about this.

Monzo is required to satisfy regulatory requirements and have in place measures to combat fraud and protect customers from scams. It has a duty of care to protect customers' money. I don't think it was unreasonable for Monzo to establish the nature of the transaction being undertaken – particularly as the amount here involved a substantial sum. I understand Mr A found this intrusive, but I think Monzo was entitled to enquire into the details of the transaction to help guard against potential scams. I think the sort of questions asked would be raised with any customer who wanted to undertake a similar transaction. So, I don't think Monzo acted unfairly or unreasonably when it took the steps it did to verify what it needed to know about Mr A's transfer request.

After completing the necessary checks, Monzo removed the block that was preventing Mr A from completing the money transfer he wanted to make. Monzo has confirmed that the block was placed on Mr A's account only between 09:08am and 16:06pm on the day in question. And whilst he's mentioned a further block being applied the following month, Monzo has provided assurances that no further blocks were applied to Mr A's account. So I don't find that Monzo blocked the account for any longer than was fair and reasonable.

I'm sorry that this was such an upsetting experience for Mr A overall. But I haven't seen enough to uphold his complaint and award the compensation Mr A would like me to. Monzo acted fairly and reasonably in accordance with its terms and conditions so it wouldn't be reasonable to require Monzo to cover any financial loss Mr A may have incurred as a result of fluctuations in the foreign exchange rate adversely impacting on his transfer.

I appreciate that my decision will be disappointing for Mr A. I hope that setting things out as I've done helps him to understand how I've reached my conclusions.

My final decision

My final decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 29 August 2024.

Susan Webb
Ombudsman