

The complaint

Ms K complains that Monzo Bank closed her account with immediate effect and without providing her with an explanation. This caused her inconvenience and stress. She would like an explanation as to why her account was closed, compensation for the distress and inconvenience she experienced and for Monzo to make improvements.

What happened

On 22 March 2024 Monzo emailed Miss K to inform her they had decided to close her account. They acknowledged the unexpected nature of their decision but explained that they couldn't tell her why they had decided to close her account. They confirmed there was no money left in her account when they closed it and provided instructions on what she should do next to deal with any incoming payments.

Later that same day, Miss K emailed Monzo's Customer Support Team to ask them to reconsider their decision. She asked for a detailed explanation of their reasons for closing her account and for an opportunity to address any issues that had led to their decision.

Monzo responded and explained they had complied with their legal and regulatory responsibilities, and referred to their terms and conditions. They said they couldn't share the specific reason for closing Miss K's account with her.

Miss K raised a complaint which Monzo didn't uphold. They repeated their position and said the decision to close the account was a commercial one and in line with their terms and conditions.

As Miss K remained unhappy with Monzo's response, she complained to our service. The investigator decided that Monzo acted reasonably when they decided to close Miss K's account without giving her any notice.

Miss K disagreed with the investigator's decision and she asked for an Ombudsman to consider her complaint. As such this case 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've decided not to uphold Miss K's complaint. I will explain the reasons for my decision below.

Monzo are strictly regulated and must take certain actions to meet their legal and regulatory obligations when providing account services to customers. Those obligations can broadly be summarised as a responsibility to know their customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm.

To comply with their legal and regulatory obligations, financial businesses will review their customers' accounts, which can either be periodic or event driven. Having looked at all the evidence and information provided in this case, I'm satisfied that Monzo has provided reasons to support why they decided to review Miss K's account and that these were in line with their obligations.

I understand that Miss K feels Monzo have shown a lack of transparency and treated her unfairly by closing her account and not providing their reasons for doing so.

I've considered whether Monzo's reasons for closing Miss K's account were fair.

Financial businesses can decide to close a customer's account for a number of reasons and a bank isn't obliged to explain their reasons to the customer. Monzo has provided some further details of its decision making process to us. I'm sorry but I can't share this information with Miss K due to its commercial sensitivity. But I've seen nothing to suggest Monzo's decision around closing her account was unfair.

It's generally for financial institutions to decide whether or not they want to provide, or continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts.

Providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. However, a bank should still make sure it hasn't exercised its discretion for plainly unfair reasons, or that it was due to a mistake, and it should still comply with its terms and conditions.

The terms and conditions that applied to Miss K's account at the time of its closure set out that Monzo could close her account either by giving at least two months' notice, or in some circumstances it could close the account immediately, which is what happened to Miss K. I have considered whether in light of their review, it was fair for Monzo to close Miss K's account without providing her with any notice.

For Monzo to act fairly here they needed to meet the criteria to apply their terms for immediate closure. Having looked at these terms and all the evidence that the bank and Miss K have provided, I'm satisfied that Monzo did meet their terms and so they were entitled to close Miss K's account without giving her any notice.

I acknowledge that Monzo didn't ask Miss K to provide any information for them to consider as part of their review of her account and I appreciate why Miss K feels that was unfair. Miss K has told us that she relied on her Monzo account for discretionary spending, including expenses for holidays and small purchases. As part of my consideration, I also asked Miss K to provide further information about how she used her account. She has provided me with an explanation and some supporting evidence.

I have considered whether Monzo might have reached a different decision if they had asked Miss K for the same information before closing her account. Having reviewed the explanation and evidence Miss K has provided to us, I consider that Monzo would have reached the same decision to close Miss K's account without notice. This is because Miss K's explanation and evidence does not change Monzo's reasons for closing her account. I realise Miss K will be disappointed by my decision and understand the distress and inconvenience that having her account closed has caused her. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Monzo have treated her unfairly in relation to reviewing and then closing her account with immediate effect and without a detailed explanation. So, I won't be telling Monzo to do anything to resolve Miss

K's complaint.

My final decision

My final decision is I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 2 February 2025.

Matthew Warrington
Ombudsman