

The complaint

Mr B complains that Monzo Bank Ltd ('Monzo') froze and then closed his current account.

What happened

Mr B had a current account provided by Monzo.

In January 2023 Mr B reported to Monzo that he'd been scammed by a person offering to build him a discounted PC. He said he paid for the PC but didn't receive it and the person then blocked contact from him. Monzo didn't refund him the money he lost because it thought he didn't take enough steps to ensure the transaction was legitimate. In telling Mr B this, Monzo provided information about avoiding scams in future.

On 25 October 2023 Mr B again told Monzo he'd been scammed. In a form he filled out he listed six transactions to three accounts with similar names. Together the amounts totalled £1,750. Mr B said he didn't make the transactions himself. He said they were made by *'someone pretending to be the bank'*.

In response to his report Monzo asked Mr B to answer nine questions. Mr B provided minimal information in response to the questions. About how the transactions occurred he said, *'They pretend to be the bank told me personal details that they should of not known to get into my bank and made there own transaction I don't know the payee or did not send the money my self'*. When Monzo asked Mr B to clarify he said someone pretended to be the bank and logged in with his account details and made the transactions.

Mr B and Monzo had numerous exchanges about his scam report, over online chat and telephone. Monzo asked Mr B further questions. Mr B provided, amongst other information, some screenshots showing an unidentified person making threats.

During a phone call on 5 November 2023 Mr B said he'd reported to Action Fraud that he and his friend met a mutual contact at a party who said there was money available for students that the government didn't want people to know about. And Mr B and his friend had paid money to be part of this scheme. He said he'd asked how long it would take for him to get a return on his investment and the contact began to threaten him and said he had to put in more money. Mr B said his friend put in about £8,000 and had to send that money via Mr B's account because the friend's parents watched the friend's account. Mr B said he said he thought the contact he'd met had been able to hack into his email address because the address was easy to guess. He said his friend had lost £8,000 and Mr B had lost £1,400. He said the contact had been threatening him but had *'calmed down now'* but was still trying to contact him. He mentioned attending university lectures online because he was afraid to leave home. Mr B said if it was only his own money that was lost he wouldn't need to recover it because he worked and could make more money. But he was concerned his friend had lost so much. He also said this was the first time his email account had been hacked because he had a strong password that couldn't be guessed.

During this phone call Monzo asked Mr B which transactions were fraudulent. Mr B identified more than 20 transactions, totalling more than £7,000. The list of transactions included a

number of transactions that pre-dated Mr B's 25 October 2023 scam report to Monzo but which weren't included in his 25 October 2023 report. And it included several transactions made by faster payments which were dated later than 25 October 2023, including as late as 30 October 2023.

On 16 November 2023 Monzo froze Mr B's account. At the time the freeze took effect, Mr B had less than £50 in the account.

On 17 November 2023 Mr B called Monzo. He said he'd received an anonymous threat to kidnap him. He wanted to know if Monzo could manage its investigation discreetly because he didn't want to put his life in danger. Monzo asked if he'd reported it to the police and he said he didn't want to because they would ask too many questions and couldn't protect him. Mr B called Monzo again later on 17 November 2023. He said he was trying make a payment but the transaction wasn't going through. Monzo said the account had been frozen. Mr B also sent a chat message to Monzo that day saying he was in a shop and his card was declined which he felt made him look foolish in front of other people in the shop.

Over the following weeks Mr B and Monzo had ongoing communication via online chat and telephone. Mr B wasn't happy with how long Monzo was taking to resolve issues on his account. He wanted his account unfrozen and a return of the money he'd reported lost via the scam.

On 19 December 2023 Monzo told Mr B it had decided to close his account with immediate effect. Mr B told Monzo he didn't want his account closed.

On 22 December 2023 Mr B made another scam report to Monzo. He said he'd made two transactions to pay for an item of clothing from a person he knew, but the clothing hadn't been provided after two months. The transactions he mentioned appeared on his bank statement with the reference '*Bills*' on 10 and 13 October 2023. Together they amounted to almost £850. Mr B told Monzo in his scam report that the clothing he was trying to purchase '*goes for around 700*'. Monzo said it wouldn't refund Mr B's money in relation to these transactions because this was a civil dispute between Mr B and the person he transferred money to.

On 3 January 2024 Monzo wrote to Mr B that it wouldn't refund the money he lost in the scam he'd reported on 25 October 2023 because Mr B hadn't done sufficient checks about who he was paying and for what.

On 5 January 2024 Mr B reported to Monzo that he'd made a purchase in November 2023 and returned the items but didn't receive a refund.

Monzo said it upheld Mr B's complaint about its handling of his account because its review of his account had taken longer than it should've. For that it said it would pay him £100. Apart from that Monzo said it had treated Mr B fairly and according to the terms and conditions which allowed it to make the commercial decision to close his account. Monzo also said it apologised if it had caused offence by offering him information about third parties that might've been able to help Mr B if he was having difficulties.

Mr B told Monzo he'd accept the £100 but he thought Monzo should pay more compensation.

Mr B referred his complaint to this service. He said he gave Monzo proof he'd been scammed, but Monzo blocked and closed his account. He said his account was blocked for more than a month. And Monzo told him to go to the food bank but Mr B's girlfriend had sent

money to another account he had. He said Monzo had caused him to lose money, damaged his credit rating and affected his mental health.

One of our investigators looked into Mr B's complaint. Amongst other things she asked Mr B how much money he'd lost in the scam. In reply he said, *'If u look at the payments at first that i made to my friend to join which I sent to his friend to send to him as i[t] didn't allow me to'*. Under that he listed some transactions. The transactions he listed were different from those on the lists he'd given Monzo. Two of the payments related to the scam he reported separately to Monzo in which he said he paid to purchase clothing which was subsequently not provided nor refunded. When the investigator asked Mr B when it was that he first paid any money under the scam he reported on 25 October 2023, Mr B listed the two transfers made on 10 and 13 October 2023 which he'd told Monzo he made for the purpose of buying clothing.

When asked what checks he made in relation to the investment Mr B said it seemed legitimate because it involved a named bank and he was shown that some other people had transferred money.

The investigator reached the view that Monzo hadn't acted unfairly or unreasonably. In summary, she said the following:

- The available evidence didn't support the conclusion that Mr B had been scammed. Evidence he'd been threatened bore no observable connection to any scam payments. And Mr B's testimony about being scammed was contradictory.
- Generally banks can block accounts, review them, and close them. But when taking these actions they must do so in line with the account terms and their legal and regulatory obligations, and without causing any unnecessary delays.
- As a service we can't give Mr B the reason for Monzo's decision to review and close Mr B's account. But we can consider whether it acted fairly in taking those actions. The investigator had considered Monzo's reasons for blocking the account, and found it had acted fairly and in line with its legal and regulatory obligations and the terms of Mr B's account which allowed Monzo to end a relationship with a customer.
- The investigator understood Mr B was upset and inconvenienced by Monzo's actions but she didn't think Monzo had unreasonably delayed its review. And Monzo was entitled to block Mr B's account while it carried out the review.
- Regarding his credit account, Mr B needed to make his complaint about that to Monzo before this service could consider it.

Mr B said he wanted to take his complaint further because of the amount of pain he'd suffered. And he wanted to be repaid at least the transactions he said weren't his, and to have his credit score restored to what it had been.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a 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.

Having done so, I'm not upholding the complaint. I'll explain why.

First, I want to set out that our rules allow this service to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo has provided for our investigation of Mr B's complaint is information we consider should be kept confidential. This is in accordance with a power afforded to us under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook. This means I can't share all of the detail with Mr B. But I'd like to reassure him I've considered everything.

I also want to note that the purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

Monzo's terms and conditions allowed it, without notice and without explanation, to block Mr B's account while it undertook a review. So I'm satisfied Monzo acted in line with its terms and conditions when it blocked access to Mr B's account. Similarly, the terms and conditions gave Monzo the right to close Mr B's account after it had completed its review. And in certain circumstances the terms and conditions allowed that closure to be done without any advance notice to Mr B.

When applying its terms and conditions I'd still expect a business to act fairly and reasonably and not unduly inconvenience its customers. In this case, I've weighed up the reasons Monzo had for restricting and closing Mr B's account in the way it did. I can't share those reasons with Mr B because they're information I've accepted in confidence from Monzo. The information I've accepted in confidence is of a nature which justifies the review and account closure by Monzo, including closure without notice. I understand Mr B would naturally want to know all of the information I've weighed in order to reach this part of my finding. Although I can't share it with Mr B, I've considered it carefully. And I've found it shows Monzo didn't act unfairly or unreasonably in deciding to exercise its discretion under the terms and conditions to restrict and close Mr B's account without notice.

Although I've found it was fair for Monzo to block and close Mr B's account, I note that Monzo has said it should've completed the review more quickly. Had it completed the review more quickly, Mr B's account would've been closed sooner than it was. I say that because the outcome of the review was the decision to close Mr B's account. And I think that still would've been the outcome even if Monzo had finished its review sooner than it did.

For taking longer than it should've to do its review, Monzo gave Mr B £100 compensation. I've considered whether this amount is fair. And I'm satisfied that it is fair. Monzo blocked the account from 17 November 2023 and decided to close the account on 19 December 2023. I'm aware that account reviews often take about two weeks or less. In this case the review took about one month. Given the complexity of the issues to be considered on Mr B's account – including reports made by Mr B that included confusing and inconsistent information – I think it was reasonable for Monzo's review to have taken at least two weeks. During the duration of the delay Mr B had less than £50 in the account that was frozen. He also had access to another bank account. So he wasn't without banking facilities and I can't see that he was denied access to a large sum of money. So overall I think £100 is reasonable to compensate for Monzo's review taking longer than it should've taken.

It's important to note that, because it wasn't wrong for Monzo to block and close Mr B's account, I can't hold Monzo responsible for the impact on Mr B of the account being blocked and closed. I can only hold it responsible for the impact of its review having taken longer than it said it should.

In relation to the scam Mr B reported to Monzo on 25 October 2023, I'm satisfied Monzo acted fairly and reasonably when it decided not to reimburse Mr B for the money that left his account in the transactions he mentioned. I'll explain why.

Mr B's testimony about the scam has been unreliable. During the investigations by Monzo and by this service Mr B was given ample opportunity to explain what happened. I find that in response to the questions put to him Mr B's answers were, on the whole, contradictory and insufficiently detailed. This is particularly the case in relation to which transactions were the result of the scam, who made those transactions, and whether Mr B was aware of the transactions and their purpose. In addition, the evidence Mr B provided in the form of screenshots also doesn't show Mr B was the victim of a scam. So I can't conclude it was unreasonable for Monzo to refuse to refund the money Mr B said he lost via the reported scam.

I'm also satisfied it was reasonable for Monzo to expect Mr B to make some checks in relation to who he was paying and what he was paying for. And I don't think the checks Mr B described having made were enough. This is particularly the case given that Mr B had reported a scam in January 2023 and Monzo had given him advice about checks he should've taken on that occasion to ensure the transaction was legitimate. So on this basis too, I can't say it was unreasonable for Monzo to refuse to refund the money Mr B said he lost via the reported scam.

Overall, I'm satisfied Monzo hasn't treated Mr B unfairly on this occasion. And so I'm not requiring Monzo to do anything.

My final decision

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 September 2024.

Lucinda Puls
Ombudsman