

The complaint

Mr C complains Monzo Bank Ltd (“Monzo”) closed his account and did so without explanation.

To put things right, Mr C wants his account reopened; a detailed explanation for why Monzo took the actions it did; and compensation for the distress and inconvenience he’s suffered.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In February 2024, following an internal review, Monzo informed Mr C it had decided to close his account in 62 days’ time. Unhappy about this Mr C complained. Monzo didn’t uphold Mr C’s complaint. In summary, it said it had closed the account in line with its internal procedures, commercial discretion, and terms of account. Monzo also said it was unable to give Mr C any more information about its decision.

Mr C referred his complaint to this service. One of our Investigator’s looked into Mr C’s complaint, and they recommended it wasn’t upheld. In summary, the key findings they made were:

- Monzo is under no obligation to provide Mr C with a detailed explanation of why it chose to close his account
- Monzo can choose who it provides its services to in the same way Mr C can choose who he banks with
- Monzo could have questioned Mr C more about his account activity, but even if it did, this wouldn’t have made a difference
- Monzo’s actions don’t contravene the FCA’s rules including the Consumer Duty

Mr C didn’t agree with what our Investigator said. In short, some of the key points they made in response were:

- All the activity on the account was legitimate, so Monzo have acted unreasonably in closing Mr C’s account. And had it asked him for more information, Monzo wouldn’t have closed his account
- More specific information about why Monzo acted in the way it did should be provided so Mr C can fairly and adequately respond

As there is no agreement, this complaint has been passed 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.

Having done so, I have decided not to uphold this complaint. I'll explain why.

Banks in the UK, like Monzo, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Monzo has explained and provided information to show why it decided to review Mr C's account. Having carefully considered this, I'm satisfied it has done so in line with its obligations.

Monzo is entitled to close an account just as a customer may close an account with it. But before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Monzo and Mr C had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Monzo, I'm persuaded it was entitled to close the account in the way that it has done. Monzo gave Mr C two months' notice of its intention to close his account during which time he was able to access his account and make alternative arrangements.

It's possible Monzo should have asked Mr C for more information about his account activity. But given Monzo's reasons for closing the account, I'm persuaded carrying out any further due diligence wouldn't have made a difference to the decision it made.

I know Mr C would like a detailed explanation as to why Monzo acted in the way it did – and this is understandable. But Monzo is under no obligation to do so. I would add too that our rules allow us 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 is information we consider should be kept confidential.

Mr C feels strongly that Monzo's action contravene the FCA's consumer protection requirements, including the Consumer Duty rules. Specifically, he says that Monzo should've acted in a way to avoid causing him foreseeable financial harm and supporting him to achieve his financial objectives.

I'd like to assure Mr C that in considering what is fair and reasonable in all the circumstances of the case, I've taken into account all relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and where appropriate what I consider was good industry practice at the relevant time.

And having done so, I'm persuaded Monzo has acted fairly, in line with its obligations and terms of the account, when deciding to close Mr C's account in the way it did. That means I don't think it's done anything wrong. I also note Monzo gave Mr C two months' notice to make alternative banking arrangements whilst he had unrestricted access to his account. I don't think it needed to have done any more.

Mr C says Monzo's actions have caused him substantive distress and inconvenience. I can appreciate this matter would've caused him some difficulty. But having looked at what's happened in this particular case, I see no basis on which I might make an award against Monzo given I don't think it's done anything wrong.

That means I won't be asking it to compensate Mr C for any distress and inconvenience he may have suffered. I also won't be directing Monzo to reopen the account.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 September 2024.

Ketan Nagla
Ombudsman