

## **The complaint**

Mr Y complains that Monzo Bank blocked and closed his account in February 2024 without explanation. He says this caused him panic and impacted his mental health. He would like his Monzo account to be re-opened and to be paid compensation for the time he spent trying to address the issue and for the poor customer experience he feels he had.

## **What happened**

On 19 February 2024 Monzo emailed Mr Y to say his account had been blocked and would be closed. They acknowledged it was 'unexpected' and asked him to provide alternative bank details so they could send him the money left in his account. Monzo advised Mr Y what he should do for any further payments due into and out of his account.

Monzo didn't explain why they had decided to close Mr Y's account.

Mr Y contacted Monzo via their chat facility to ask for help as his account was closing. He explained that he wanted to know why. Monzo replied that they couldn't tell him why they had decided to close his account. Mr Y told Monzo that he was on holiday and that his salary was due to be paid into his account. Monzo repeated that they can't do anything further and advised that he should provide his alternative account details so they could pay him the remaining balance on his account.

On 28 February 2024 Monzo closed Mr Y's account and returned the remaining funds in his account to him.

On 10 March Mr Y emailed Monzo's complaints team and explained that his account had been suddenly closed with no reason and with very little notice. He explained that he had enjoyed banking with Monzo and wanted to know why they had closed his account. Mr Y also explained the stress these events had caused him.

Monzo provided its response to Mr Y's complaint on 25 March 2024 and explained that they had abided by their internal procedure and terms and conditions. They explained they couldn't provide the specific reason for closing Mr Y's account, although they did say it was for commercial reasons. Monzo also explained that they are entitled to close an account at any time in accordance with their terms and conditions.

Mr Y was unhappy with Monzo's response to his complaint and so complained to our service.

Our investigator said that Monzo acted fairly and reasonably and in line with their terms and condition when closing Mr Y's account.

Mr Y disagreed with the investigator's view and so he asked for an Ombudsman to consider his complaint. As such this complaint has come to me to make a final 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.

I've decided not to uphold Mr Y's complaint. I will explain the reasons for my decision below.

Monzo, as with all banks, are strictly regulated and must take certain actions in order 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 such as Monzo will review their customers' accounts, which can either be periodic or event driven. It is common industry practice to block accounts while they are under review. Having looked at all the evidence and information provided in this case, I'm satisfied that Monzo have provided evidence to support their reasons for reviewing and blocking Mr Y's account and that these were in line with their obligations.

It's generally for financial institutions to decide whether they want to provide, or to 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 Mr Y's account set out that Monzo could close his account either by giving at least two months' notice, or in some circumstances it could close the account immediately, which is what happened to Mr Y. So, I have considered whether in light of their review, it was fair for Monzo to close Mr Y's account the way they did.

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 Mr Y have provided, I'm satisfied that Monzo did meet their terms and so they were entitled to close Mr Y's account without giving him any notice.

A bank, such as Monzo isn't generally obliged to explain their reasons to the customer, often due to commercial sensitivity. Monzo has provided some further details of its decision making process with us. After considering this information I have decided to accept it in confidence, which is something I am able to do under the Dispute Resolution Rules (DISP 3.5.9 R (2)). A description of that information is that it relates to the payments in and out of Mr Y's account and also wider information they have surrounding the source of some of those funds prior to funds entering his account. I'm satisfied the information demonstrates that Monzo's decision to close the account in the manner they did was reasonable.

Monzo didn't ask Mr Y to provide any information for them to consider as part of their review of his account and I appreciate why Mr Y wants to know why his account was closed. Mr Y has provided an explanation to us about how he used his account and told us of some specific transactions paid into his account. We asked Mr Y to provide us with evidence to support his explanation, however he did not respond to our requests for this further information, which we requested on two occasions, on 8 and 27 November 2024.

I have considered whether Monzo might have reached a different decision had they requested this information and considered it as part of their review of Mr Y's account. Given that Mr Y has not provided evidence to support his explanation, I don't consider that Monzo would have reached a different decision even if they had considered his explanation.

I realise Mr Y will be disappointed by my decision and understand that these events happened whilst Mr Y was on holiday and shortly before his salary was due to be paid in and his regular payments were due to be paid out. Mr Y says he felt panicked, as he needed to arrange for his regular bills to be paid. As this happened while he was on holiday, he had to purchase additional data and spend time on his holiday contacting different organisations to try and sort this out.

I can appreciate why these events caused Mr Y to feel panicked and distressed and acknowledge the inconvenience this must have caused him. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Monzo have treated him unfairly in relation to blocking, reviewing and then closing his account with immediate effect and without a detailed explanation. So, I won't be telling Monzo to do anything to resolve Mr Y'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 Mr Y to accept or reject my decision before 12 March 2025.

Matthew Warrington  
**Ombudsman**