

## **The complaint**

Mr E is unhappy that Monzo Bank Ltd restricted his account and didn't inform him when the restrictions were lifted.

## **What happened**

On 31 July 2024, Monzo restricted Mr E's account because a payment on the account was flagged as being potentially suspicious by Monzo's automated fraud prevention systems.

Monzo completed their review of the payment in question and removed the restrictions from Mr E's account on 5 August. But Monzo didn't notify Mr E that they had removed the restrictions on his account, and it was only when Mr E contacted Monzo three days later, on 8 August, that he became aware that he could use his account again. Mr E wasn't happy that Monzo had restricted his account, or with the service he'd received from Monzo surrounding this, so he raised a complaint.

Monzo responded to Mr E and explained that they didn't feel they'd done anything wrong by restricting Mr E's account as they had. But Monzo did accept that they should have informed Mr E when the account restrictions were removed, and that some of the online chat that Monzo had engaged in with Mr E about the matter hadn't been to an acceptable standard.

Monzo apologised to Mr E about these service issues and paid £60 to him as compensation for any upset and inconvenience he may have incurred as a result. Monzo also paid a further £7.80 to Mr E, which represented 8% interest on Mr E's account balance during the time that Monzo hadn't informed him that the restrictions on his account had been lifted. Mr E wasn't satisfied with Monzo's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They didn't feel that Monzo had acted unfairly by restricting Mr E's account. But they felt the £60 compensation that Monzo had paid for the service issues Mr E had experienced didn't fairly compensate Mr E for what had happened. Because of this, our investigator said Monzo should pay a further £90 to Mr E, taking the total compensation amount to £150.

Monzo accepted the recommendation put forward by our investigator. But Mr E remained dissatisfied, so the matter was escalated to an ombudsman for 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 issued a provisional decision on this complaint on 5 November 2024 as follows:

*I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has*

*occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.*

*I also note that Mr E has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr E for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.*

*This means that if Mr E notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr E and Monzo. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.*

*Mr E has also explained to this service that he has chronic health conditions which are aggravated by stress and which he explains have heightened the impact of the events under consideration on him. I'd therefore like to reassure Mr E that I've taken his chronic health conditions into account when assessing this complaint.*

*Monzo have explained that they placed restrictions on Mr E's account because their automated fraud prevention systems flagged a payment that took place on the account as being potentially suspicious.*

*Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Monzo have an obligation to employ such systems to comply with their regulatory obligations, which require banks to have systems in place to protect their customers' accounts from acts of attempted fraud.*

*Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems. And I'm satisfied that this is what happened in this instance.*

*Mr E has said that he would like Monzo to provide a more detailed explanation as to why his account was restricted. But I wouldn't expect Monzo to provide such an explanation here. This is because fraud prevention systems are being constantly updated and evolved by financial institutions in response to new information on potential threats. Additionally, if a bank were to explain to a customer how they could avoid having their transactions flagged by their fraud prevention systems, then this would potentially reduce the effectiveness of those systems and leave them open to manipulation.*

*Monzo have shared a detailed explanation of why the payment in question was flagged by their fraud prevention systems with this service. And while I'm not at liberty to disclose this information to Mr E, for the reasons explained above, I am satisfied that Monzo's actions in restricting Mr E's account, and in the length of time it took Monzo to complete their review of Mr E's account, were reasonable and therefore not unfair. I hope that Mr E is reassured that someone impartial and independent has looked into this aspect of his complaint.*

*Regarding the fact that Monzo didn't inform Mr E when they removed the restrictions from his account on 5 August, such that Mr E didn't become aware that he could access his account again until he contacted Monzo three days later on 8 August, Monzo have accepted that they provide poor service to Mr E in this regard. And Monzo have also accepted the*

*some of the online chat correspondence that they engaged in with Mr E should have been of a higher standard.*

*Having accepted these service errors, Monzo have paid £60 compensation to Mr E, along with a further £7.80 representing 8% interest on the balance of Mr E's account for the days that he wasn't aware that the restrictions had been removed. Furthermore, Monzo have also accepted our investigators recommendation that they should pay a further £90 compensation to Mr E for what happened, taking the total compensation payable to £150.*

*Upon consideration, a total compensation amount of £150 seems fair to me, given what took place here and the information presently available to me. And so, while I will be provisionally upholding this complaint in Mr E's favour, I'll only be doing so to instruct Monzo to pay the further £90 to Mr E that they've already agreed to pay.*

*I'm aware that Mr E feels that a higher amount of compensation should be awarded here. And I note that Mr E has cited the heightened impact that these matters had on him because of his chronic health conditions, as well as the detrimental financial effect that his not having access to the money in his Monzo account for the additional three days had on him.*

*In consideration of Mr E's position on these points, I've asked him to provide a copy of his credit file to this service. This is so that I can better understand Mr E's wider financial position at the time of the restrictions and therefore better understand the impact of the restrictions on him. Additionally, I also asked Mr E to provide an explanation of any tangible financial detriment that he'd incurred.*

*Mr E responded to my request but declined to provide the information that I'd asked for, as he felt the administrative burden of providing the information was untenable for him given his chronic health conditions and the stress that he would incur in providing the information.*

*I'm mindful of Mr E's health conditions here. But I note the several detailed emails that Mr E has sent to this service in support of his complaint. And I don't feel that asking Mr E to provide a copy of his credit file presents a significantly greater administrative burden than that which Mr E has already demonstrated he is capable of when writing those emails. Additionally, as an impartial party, I'm unwilling to instruct Monzo to pay compensation regarding impact and detriment that I feel hasn't been reasonably evidenced.*

*I therefore repeat my invitation to Mr E to answer the questions I previously posed to him. This includes that Mr E should provide a full copy of his credit file so that I can obtain a more detailed understanding of his wider financial position, which in turn would allow me to properly assess the potential impact of his being unaware that his account was restricted for the further three days.*

*I acknowledge that it might not be easy for Mr E to provide this information, given what he has explained to this service about his health conditions. But I trust that Mr E will understand, given what I've detailed above, why I've taken the position here that I have.*

*Finally, I confirm that I've issued this decision on a provisional basis to allow Mr E a last opportunity to provide the further information that I've requested, should he choose to do so.*

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*Both Mr E and Monzo responded to my provisional decision and confirmed that they were willing to accept it. As such, I confirm that my final decision is that I uphold this complaint in Mr E's favour on the basis described in my provisional decision above.*

**Putting things right**

Monzo must pay a further £90 to Mr E, so that the total compensation amount is £150.

**My final decision**

My final decision is that I uphold this complaint against Monzo Bank Ltd on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 5 December 2024.

Paul Cooper  
**Ombudsman**