

## **The complaint**

Mr U complains Monzo Bank Ltd (“Monzo”) closed his account without notice nor explanation. Mr U is also unhappy Monzo caused substantive delay in returning the funds held in the account to him.

Mr U says Monzo’s actions have caused him distress and inconvenience for which he should be compensated.

## **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 July 2024, Mr U received a payment of £1,800 from another of his accounts which he was looking to pay out to a third-party. In reviewing the account, Monzo blocked the account and asked Mr U for information about his entitlement to those funds. Mr U said he was paying a friend who was organising a holiday, and this was his share. Mr U said the funds originally came from family and friends. Monzo decided to close Mr U’s account with immediate effect.

Unhappy, Mr U complained. Monzo didn’t uphold Mr U’s complaint. In summary, Monzo said it closed the account in line with its terms and conditions, and that it couldn’t give an explanation. Monzo also explained it could take between two to four weeks for the balance to be returned to Mr U.

Mr U referred his complaint to this service. He was unhappy that the funds weren’t being returned in reasonable time. The funds were returned to Mr U’s nominated account on 26 September 2024.

One of our Investigator’s looked into Mr U’s complaint, and they recommended it wasn’t upheld. In short, their key findings were:

- Monzo closed the account in line with its terms and conditions and hasn’t made an error.
- Monzo blocked the account in line with its obligations.
- Mr U provided different account details to Monzo for releasing the funds which prolonged its defunding. Monzo could’ve refunded the funds sooner, but this doesn’t need to be considered further given the funds were paid out to a third party.

Mr U didn’t agree with what our Investigator said. In response, Mr U said he had shown his entitlement to the funds he was questioned about, and so Monzo should apologise, and appropriate remediation taken.

As there was 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 Monzo needs to restrict, or in some cases go as far as closing, customers' accounts.

Monzo has explained and provided supporting evidence as to why it reviewed and restricted Mr U's account. Based on this, I'm satisfied it was acting 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 U had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Monzo closed Mr U's account with immediate effect. Having considered its explanation and evidence in relation to this, I'm satisfied Monzo acted in line with the terms and conditions of the account.

I know Mr U would like a detailed explanation, 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 I consider should be kept confidential.

Mr U is unhappy that Monzo caused avoidable delay in returning his funds to him. But I note Mr U changed his nominated account, including to a third party, on at least two occasions. Monzo explained this would restart the two-to-four-week process. It's possible that Monzo may have been able to process the payment a bit quicker, but I don't need to look into this further as I don't find awarding him compensation would be fair or appropriate.

I understand Mr U would want to know the information I have weighed to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Lastly, given I don't think Monzo did anything wrong in reviewing, blocking and then closing the account, I see no basis to award compensation for the distress and inconvenience this caused him.

## **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 U to accept or reject my decision before 25 April 2025.

Ketan Nagla

**Ombudsman**