

The complaint

Mr V has complained that Monzo Bank Ltd (“Monzo”) upgraded his fee-free account to a fee-paying packaged Premium account, without his consent.

What happened

Mr V opened a fee-free current account with Monzo on 31 March 2024. Mr V’s account was then upgraded to a fee-paying Premium packaged account on 12 April 2024.

Mr V contacted Monzo on 17 June 2024 saying that he was unaware he had the Premium account. He also explained that he wanted to upgrade his account to the fee-paying Max account. Monzo explained how he could downgrade his account if he didn’t want the Premium account. It also explained that if Mr V wishes to upgrade to the Max account, he will first need to pay money into the account to cover the monthly Max account fee.

As Mr V was unhappy with Monzo’s response as to how his account became a fee-paying Premium account, he raised a complaint.

Monzo issued its final response to the complaint on 3 October 2024 and didn’t uphold Mr V’s complaint. Unhappy with Monzo’s response to the complaint, Mr V referred his complaint to this service.

One of our investigators assessed the complaint and they were unable to uphold Mr V’s complaint. As Mr V didn’t agree with the investigator’s assessment, the matter was referred for an ombudsman’s 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.

We’ve explained our approach to complaints about packaged accounts on our website and I’ve used that to help me decide this complaint. I think it may also help to explain that where matters are in dispute and evidence is incomplete, as is the case here, I need to decide what I think most likely happened, based on all of the evidence that is available. And having considered everything, I’m unable to uphold this complaint. I will explain why.

In its response to the complaint, Monzo said that Mr V opened his account on 12 April 2024 as a Premium account. However, since Mr V referred his complaint to this service, Monzo has clarified that Mr V had in fact initially opened a fee-free account with Monzo on 31 March 2024, and it was then upgraded to a fee-paying Premium account at 12:17pm on 12 April 2024. Whereas Mr V is very clear in saying that he didn’t apply to upgrade his account to a fee-paying Premium account.

To help us decide this complaint, alongside screen shots of its internal systems (showing when the account was upgraded), we also obtained screen shots of what someone who applied for the Premium account in April 2024 would likely have seen.

From what I have seen the application process starts off by making it clear that the Premium account includes mobile phone and travel insurance. It then takes the applicant through a summary of what each insurance policy covers and also the key exclusions. The applicant is presented with links to a 'more information (IPID)' document, a demands and needs statement, and also the policy terms and conditions. On screen there is a prompt saying 'scroll to the bottom' and it says: *"By continuing, you confirm this insurance is right for you, and you agree to the terms and conditions"*. Below this is a large blue button labelled 'Continue'. The next step of the process covers off specific issues regarding the travel insurance and COVID.

Based on the above, I'm satisfied that Monzo's application process makes it clear that by choosing a Premium account, the applicant is agreeing to take out travel insurance and mobile phone insurance on their account. In other words, I don't think someone could go through the account application process and not be aware that they are agreeing to a packaged account.

The next screen in the application process says:

"Add money to your Monzo account

Add at least £15 to cover your first month of Monzo Premium."

Below this is a list of banks to choose from. I understand that the sales process cannot continue until the necessary payment has been made. Monzo has provided evidence to show that Mr V paid £15 into his account on 12 April 2024 at 12.16pm.

Firstly, I think it's likely that Mr V would've been presented with the above information because, at that point in time, his account had a zero balance. And so, Mr V would not have been able to upgrade his account, unless he made the payment being requested.

Mr V does not dispute making the £15 payment. And, what I think is quite important here is that the £15 payment Mr V made was made only one minute before the new Premium account application process was completed. So, I can only reasonably conclude that Mr V paid this money in as a result of the request that he do so to proceed with the account upgrade application process. In my view, given the evidence that is available, this is the most plausible explanation of events. Also, Mr V has not provided much of an explanation why he happened to pay the same amount as the Premium account fee on 12 April 2024, nor why he didn't immediately challenge Monzo when the £15 was then taken from his account almost immediately under a payment called 'Monzo Premium' – if it was the case that he hadn't agree to a fee-paying account.

Returning to the upgrade process, once the payment (to cover the first month's account fee) is received by Monzo, the application process then presents the applicant with a screen saying:

"Lets make it official

Confirm you agree with terms and conditions before you agree to sign up"

Below this, the screen provides a link to the account terms and conditions, an account interest summary document and also information about the fee on the account. It then says:

"Starting today, we'll charge you £15 a month for a minimum of 6 months, if you cancel early you may have to pay a cancellation fee of up to £50."

This is followed by a button with the word 'Confirm' on it.

So again, based on the evidence I have seen I think it was made clear to Mr V that he was agreeing to a packaged account; that it would cost £15 per month and that he'd be charged that amount for a minimum of 6 months; that he would have to credit £15 to his account to proceed with the upgrade (which he did do); and that if he cancelled before the minimum term of 6 months, he could be charged up to £50 to do so.

Finally, I note that Mr V says that he never received a metal card, until September 2024, which of course is a number of months from when the upgrade took place. The investigator questioned Monzo about this, as it did seem odd for Mr V to have randomly received a debit card out of the blue, so long after his account had been upgraded.

Monzo explained, that, once Mr V had applied for the Premium account, he was then presented with the option to receive a white metal debit card, or he could continue without one i.e. with a standard plastic 'hot coral' debit card instead. I can see that these options were contained within the sales screens that Monzo provided. Monzo has also provided evidence to show that Mr V had specifically chosen to proceed with the option of having a white metal card. When selecting the white metal debit card, it is made clear that if the applicant chooses to apply for a metal debit card and then cancels in the 6-month minimum term, the account holder will be charged £50. However, it also makes it clear that if the account holder cancels after the 6-month period, there is no cancellation charge.

Monzo's systems show that a request to issue Mr V with a white metal debit card was generated at 1pm on 12 April 2024. The delivery method for that card was recorded as standard mail i.e. not tracked. It seems that, for whatever reason, Mr V never received that card. As a result of Mr V not receiving the card, Monzo's system says another card was created for Mr V on 6 September 2024, it was sent via 'Tracked 24' mail and that card was then received by Mr V.

I note that, as Mr V says he didn't agree to the Premium account, he refused to pay money into his account to cover the monthly fee, although I note that, following Mr V's contact with Monzo about this matter, his account was downgraded from a Platinum package, once the minimum 6-month term had expired. I understand that as Mr V's account entered into an unarranged overdraft, and Mr V was unwilling to pay money into the account to cover the account fees, it was eventually closed and recorded as being in default.

I note that Mr V would like the adverse data to be removed from his credit file, as he says that he should never have been charged the Premium account fees in the first place. However, the evidence I have been presented with makes me conclude that he had in all likelihood agreed to the Premium account. Because of this, I can't say that the monthly account fees Monzo had applied to his account were incorrect or unfair. And so it is the case that, in the circumstances, I can't reasonably say that Monzo should remove the adverse data it recorded on Mr V's credit file.

I appreciate that Mr V will be greatly disappointed by this decision. But based on the evidence that I have seen, I can't reasonably say that Monzo has acted unfairly or unreasonably in these matters.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 17 January 2025.

Thomas White
Ombudsman