

The complaint

Mr M complained about the service provided by Monzo Bank Ltd ('Monzo') in relation to a transfer he wanted to make from his Monzo account to his account held with another bank.

What happened

Mr M attempted to transfer £5,000 from his Monzo account, using Monzo's mobile banking application ('app'). Monzo's automated system flagged the transaction for a security review.

Mr M was able to satisfy Monzo's verification requirements via the app and he received confirmation that he could proceed. However, when he attempted the transfer a second time, Monzo stopped the payment Mr M wanted to make and restricted his account.

Monzo wasn't able to tell Mr M how long it would take to complete the necessary security checks to clear the payment and remove the account restriction. In the event, the payment was held up for two days.

This all happened at a particularly tough time for Mr M causing him extreme anxiety. He made Monzo aware that he was already struggling with mental health issues but feels that Monzo disregarded his circumstances and failed to acknowledge or show concern for his personal situation.

When Mr M complained, Monzo said it hadn't made any error and his payment had been referred for additional security checks in line with measures the bank had put in place to combat fraudulent scams. It said it hadn't been able to confirm a timeframe because call handlers couldn't say how long enquiries would take and it varied on a case-by-case basis.

Mr M didn't feel this was a satisfactory response and so he brought his complaint to us. He mentioned that Monzo had told him he could still spend up to £300 daily from the account whilst the payment was being investigated but that it had then declined a payment he'd attempted. He was particularly concerned that Monzo hadn't appreciated the impact of what happened on his wellbeing despite him sharing information about this.

Our investigator thought that Monzo had provided an adequate explanation for what happened and didn't think that it had taken an unreasonable length of time to complete the additional checks. She said the declined card payment happened after Mr M had already withdrawn £300 from his account so it exceeded the daily limit that was put in place at the time. And she thought that Monzo had taken appropriate steps in response to the personal information Mr M had shared and overall, treated him fairly and reasonably.

Mr M disagreed with our investigator, reiterating his frustration at what happened, saying that:

- the transaction was blocked after he'd complied with initial security and been told via the app that his transaction would now be processed – which didn't happen.
- Making Monzo's 'vulnerable' team aware of his situation at the time achieved nothing other than causing him more stress at having to provide extra documentation. He'd hoped this would expedite the situation – but it didn't.
- He was encouraged to initiate a complaint, but Monzo's response simply amounted to copying and pasting terms and conditions.

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 can understand why what's happened has been upsetting and frustrating for Mr M. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

After the payment had initially been flagged for a security check, Mr M understood that the payment would then complete successfully. But whilst it's unfortunate that the payment was stopped a second time, I'm not persuaded this was the result of any bank error.

Monzo has to comply with legal and regulatory obligations and have processes in place to help ensure it takes reasonable steps to keep customers' money safe. Monzo had an ongoing obligation to monitor the transaction, even after Mr M was able to satisfy its initial checks. This is why, after clearing the first stage of the process successfully, its automated system then flagged the payment for additional checks.

Monzo's terms and conditions, which Mr M would've signed up to in order to be able to use the account, allow Monzo to stop payments being made and restrict account activity if it reasonably thinks this necessary. This explains why his payment was held up and his account was blocked a second time. I am satisfied that Monzo acted in line with its business terms when it did this.

Monzo can't simply rely on Mr M authorising proposed transfers – even if he's sending the money to himself at another bank. So I can't fairly say that Monzo made any error when its internal systems twice flagged the proposed transfer for security checks.

Nonetheless, Monzo still needed to act in a fair and reasonable way towards Mr M. I've thought carefully about this.

It's unfortunate that Mr M wasn't able to obtain any assurances about how long it would take to go through Monzo's security, and I can see that this would've added to Mr M's anxiety about the situation. But it's fair to say that this wouldn't have been something a call handler was able to confirm to him. In the event, the payment was unblocked within 48 hours when Monzo's fraud prevention specialist team made contact and Mr M was able to satisfy Monzo that the payment wasn't putting him at risk of being scammed. That was a reasonable timescale in the circumstances – especially as Monzo had given Mr M sufficient access to his account to be able to cover his day-to-day costs and expenses whilst security checks were ongoing.

It's up to Monzo to decide how it meets its regulatory obligations. Bearing all this in mind, I think Monzo acted fairly and reasonably when it declined to make the payment Mr M wanted to send. And I am satisfied that it dealt with the matter within a reasonable timeframe.

I've seen that Monzo's vulnerability specialists were able to talk to Mr M via the app chat function and a few days later, the wellbeing team reached out to Mr M. The chat history records that the agent said Monzo appreciated Mr M entrusting it with the personal information he had shared and recognised that his recent experience may have exacerbated things for him. The agent said: *'...I just wanted to make sure that you're okay? We may be able to offer you some support and I could also point you in the direction of free advice and support that you might find useful if you would like? There is no pressure from me here. When people mention things like this we try to be proactive, just in case there's anything we can do to help out....'*

I'm sorry that this was such an upsetting experience for Mr M. And I don't doubt what he says about how stressful he found everything that happened. But I can't fairly say Monzo disregarded his personal situation or didn't show due interest or concern for him.

Banks have an obligation to take steps to keep customers' accounts and money safe. Sometimes this can mean the bank identifies and blocks legitimate payments that a customer wants to make. Understandably, this can cause distress and inconvenience to a customer – but it doesn't necessarily mean the bank has acted incorrectly or unfairly.

In order to uphold Mr M's complaint I would have to find that Monzo made an error or acted unfairly or unreasonably. After taking into account everything that Mr M and Monzo have told me, I haven't seen enough to show that Monzo did anything wrong or that it treated Mr M in a way that wasn't fair and reasonable overall. So I can't uphold this complaint.

If I have not referred to everything mentioned during the course of the correspondence, that's only because there's nothing further I can usefully add to what the investigator has said already. I've concentrated on what seem to me to be the core issues I need to address when deciding the complaint.

I hope that setting things out as I've done helps explain how I've reached my conclusions and even though this isn't the outcome Mr M hoped for, he will at least feel that the Financial Ombudsman Service has fully considered the complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 February 2025.

Susan Webb
Ombudsman