

## The complaint

Mr C complains about the service he received from Monzo when it applied a block to his account following an attempt by him to make a payment of £3,000 to a friend. In particular, Mr C is unhappy about the amount of time his account was blocked and the service he received regarding this saying the whole experience was humiliating.

## What happened

Mr C held an account with Monzo which he started using around July 2024. Mr C made payments of £118 and £2,000 to a beneficiary on 10 and 14 October 2024 respectively. On 17 October 2024 Mr C attempted to make a third payment of £3,000 to the same beneficiary. Monzo's security systems flagged and stopped the payment due to scam concerns and sent an information request to Mr C regarding it. Monzo applied a block to Mr C's account with a daily spend limit of £300, all inbound payments would still be received and all direct debits due to go out would still be paid.

Mr C responded via webchat to Monzo informing it that the payment was to a close friend who he'd paid before. Mr C requested Monzo cancel the transaction and made the payment with a different card due to the urgency of the matter. Mr C asked Monzo unfreeze his account which Monzo couldn't do until the specialist team got in touch.

Monzo called Mr C on 18 October and queried the reason for the payment. Mr C wouldn't say what the reason for the payment was only stating it was a gift for a friend. Later during the call Mr C advises the payment is for medical reasons and that he'd held the beneficiary's account details for over 15 years. Monzo asked for evidence of any messages or conversations with the beneficiary he had so it could evidence his relationship with them. Mr C didn't wish to provide this information as the conversations were private, but he did provide a screenshot of one chat with the beneficiary.

Monzo wasn't satisfied with this as the screenshot wasn't dated and so it blocked all payments to this beneficiary, but removed the block applied to his account on 19 October.

Mr C complained about all this to Monzo. In particular he wasn't happy with the amount of time his account was blocked for and how long it took Monzo to get in touch and that it failed to inform him he could use his card during this time. Mr C says the questions Monzo asked were intrusive and deeply personal and it should be up to him to decide who he can send his money to.

Monzo investigated Mr C's complaint and apologised for the inconvenience but didn't agree it had made an error as it has a responsibility to keep an eye out for activity that could be considered unusual and potentially fraudulent and to protect its customers from becoming the victims of fraud. Monzo says its automated systems had flagged the payment as risky and its fraud team had concerns about the payment being part of a scam and so it had correctly followed its internal processes and applied the restrictions to Mr C's account.

Mr C was dissatisfied with this and brought his complaint to this service. Although he understands the need for Monzo to safeguard its customers funds he doesn't think blocking

an account for 48 hours is reasonable. Mr C says he's known the beneficiary for over 30 years and their families have been on holiday together and he's made payments to the beneficiary using his other account as has his wife. Mr C says he was subjected to an interrogation and that nothing he said was heard. Mr C wants Monzo to address all his complaint points and wants an apology and to be compensated for the distress and inconvenience he's suffered.

Monzo says it hasn't seen any evidence to show a long historical relationship with the beneficiary or that Mr C's had made payments in the past to them. It says that Mr C and the type of payment he was making fits the profiles of scam victims it often sees. Monzo says it will be able to review any additional evidence and remove the beneficiary block if Mr C provides evidence which shows he personally knows the beneficiary and has a relationship dating back more than six months and some insight into the medical reasons the payment was for.

One of our investigators looked into Mr C's concerns but didn't think Monzo had treated Mr C unfairly or had made an error in blocking the payment as it has a duty of care to safeguard its customers money and the account terms and conditions allowed Monzo to do this. In Mr C's case they thought given the increasing amounts of payments being made to the beneficiary over a short period of time that it wasn't unreasonable of Monzo to have concerns or to stop further payments to this beneficiary until its concerns are satisfied.

Mr C disagreed, he says he was never asked for a dated message as evidence or provided with any feedback after his call with Monzo and so wasn't given the opportunity to provide further information or put matters right and has asked for an ombudsman's decision.

I issued my provisional decision on 17 December 2024. In my provisional decision, I explained why I was proposing to uphold Mr C's complaint. I invited both parties to let me have any further submissions before I reached a final decision and both parties have confirmed they've received my provisional decision and provided further comments.

### **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.

In my provisional decision I said that:

*“the crux of Mr C's complaint is regarding the service he received from Monzo when it applied restrictions to his account while it investigated a payment of £3,000 Mr C had attempted to make to a friend. Mr C says applying the restrictions to his account for 48 hours was unreasonable and that Monzo failed to inform him he could use his card or update him adequately when the restrictions were removed and that he found the whole experience humiliating.*

*My role is to look at problems that Mr C has experienced and see if Monzo has made a mistake or done something wrong. If it has, we seek to put - if possible - him back in the position he would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.*

*It might be helpful for me to say here that, I don't have the power to tell Monzo how it needs to run its business and I can't make Monzo change its systems or processes – such as how or when activity on an account is reviewed and restrictions applied for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Monzo needs to have in place to meet its regulatory obligations. We*

*offer an informal dispute resolution service and we have no regulatory or disciplinary role.*

*That said I don't think it was unreasonable for it to have procedures in place – in this case carrying out checks on account activity that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. Indeed, Mr C himself says he understands this is needed not only to protect businesses against criminal activity, but also their customers.*

*And in Mr C's case I can see that Monzo's automated systems flagged the payment Mr C wished to make as a high risk of it being a scam. This was because he'd made a series of payments that grew in value to this beneficiary over a short period of time and this pattern and Mr C's profile fitted that of other scam victims it had seen. So to safeguard Mr C's money Monzo wanted to confirm what the payment was for and the identity of the beneficiary and their relationship with Mr C. In the circumstances I don't think the action Monzo took in applying restrictions to Mr C's account was unreasonable until it could carry out a review and satisfy itself that the payment Mr C wished to make was legitimate.*

*And as Monzo's internal notes and webchat show Mr C either wasn't able or willing to provide more information on his relationship with the beneficiary or more detail on what the payment was for, I can understand Monzo's concerns that Mr C might be the victim of a scam. And so I don't think Monzo has treated Mr C unfairly when it lifted the restrictions on the account but placed a permanent block on making payments to this beneficiary until Mr C is able to provide it with further evidence showing a historical relationship.*

*I accept Mr C has been both distressed and inconvenienced by this, but the actions Monzo took is allowed under its terms and conditions and is in-line with its regulatory obligations so I don't think Monzo have acted unreasonably or treated Mr C unfairly here.*

*However, I do think there has been a service failing on Monzo's part. Although I don't think Monzo was wrong in the actions it took in restricting Mr C's account while it investigated Mr C's payment. I think the failing is that although Monzo says Mr C was able to transact up to a limit of £300 a day during this period to pay for necessities, I can't see that Monzo ever informed Mr C of this. And nor do I think Monzo adequately explained what it needed from him in order to lift the restrictions from paying the beneficiary in question or was proactive in informing him when the restrictions from his account would be lifted.*

*So I think this is a service failing on Monzo's part and I'm currently intending on upholding Mr C's complaint and think that Monzo should compensate Mr C £150 for the distress and inconvenience this has caused him."*

Monzo disagrees that there has been a service failing on its part. It says although Mr C wasn't informed during the webchat or email logs about what his card limit was, Mr C was informed of this within its automated app notification via an app banner which was accessible to Mr C by tapping the banner.

But I don't think this is sufficient in informing Mr C about his daily transaction limit or indeed, that he could transact, as Mr C had to take some steps to access this rather than Monzo just informing him of this during his webchat and email when discussing the problems he was having.

Monzo say it clearly demonstrated what supporting evidence it needed via the questions it asked from the perspective of its internal system. But the questions its "system" ask don't explain how Mr C can answer them satisfactorily, what evidence to provide or how or allow Mr C to ask for further help or clarification. And this is supported by Mr C's argument where

he says he was never told the screenshot of the message he sent was unacceptable or given any opportunity to prove his long-standing relationship with his friend.

And as such I'm still not persuaded Monzo adequately brought to Mr C's attention the daily transaction limit he had while restrictions were in place or what it needed to have them removed. And so I think there has been a service failing on Monzo's behalf and it follows that uphold Mr C's complaint and direct Monzo to pay £150 compensation for the distress and inconvenience this caused.

### **My final decision**

For the reasons I've explained, I uphold Mr C's complaint against Monzo Bank Ltd and direct it pay £150 compensation as listed above.

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

Caroline Davies  
**Ombudsman**