

The complaint

Miss Z complains Monzo Bank Ltd caused her considerable distress and inconvenience because she couldn't access her account for two months.

What happened

Miss Z has a current account with Monzo Bank that she had difficulties opening. This complaint isn't about those original difficulties. Once she'd managed to open her account, Miss Z says that she had difficulties logging on. She says that she followed Monzo Bank's instructions and ended up being unable to access her account for a considerable period. Miss Z complained that this had caused her financial difficulties as it was an account into which benefits were paid.

Monzo Bank looked into Miss Z's complaint and agreed that its customer support hadn't been as good as it should have been. In addition, Monzo Bank accepted that it took longer to resolve Miss Z's issues than it should have done. Monzo Bank offered £100 in compensation by way of an apology. Miss Z wasn't happy with Monzo Bank's response and so complained to our service.

Following our involvement, Monzo Bank offered Miss Z an additional £100 in compensation in an effort to proactively settle her complaint. Miss Z didn't accept Monzo Bank's offer, saying that Monzo Bank rejected a benefit payment that she was expecting and this affected and inconvenienced her massively.

One of our investigators looked into Miss Z's complaint and recommended £300 in compensation saying that it took almost two months to get Miss Z's account operational again – all down to a known bug in Monzo Bank's system – and in the meantime Miss Z's benefits payments had been rejected causing great hardship. Miss Z accepted our investigator's recommendation. Monzo Bank didn't. It said that £200 compensation was fair for the two months it took to rectify the issues with Miss Z's account, but it didn't agree that rejecting the benefits payments had caused hardship as Miss Z's statements suggest she doesn't rely on those payments at all. In the circumstances, Monzo Bank asked for Miss Z's complaint to be referred to an ombudsman for a decision. Her complaint was, as a result, passed to me.

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.

The majority of the facts in this complaint aren't in dispute – the only real issue is whether or not Monzo Bank should pay Miss Z an additional £100 on top of its original offer of compensation or an additional £200. Or, to put it another way, whether or not Monzo Bank's proactive offer when Miss Z referred her complaint to our service was fair and reasonable.

Monzo Bank has said that it thinks £200 compensation is fair for the two months of inconvenience Miss Z suffered when her account wasn't operational. Her account wasn't operational because of a known bug in Monzo Bank's system that meant Miss Z had to go through the whole process of having to provide ID again when she should have been able to simply log into her account. Looking at our guidance on awards, I don't think it would be unreasonable or unfair to make an award of £300 for that alone – Miss Z was inconvenienced for a couple of months and had to spend time providing ID a second time when she shouldn't have had to. Equally, I accept what Monzo Bank says about the impact its rejection of one of Miss Z's benefits payment had. I can see from her statements that she hasn't spent any of the benefit money she's received, and it's clear from the chat when she wanted to open this account that her intention was to use it as a savings account. Overall, however, I don't think £200 is quite enough.

Putting things right

For the reasons I've given, I agree that £300 is fair compensation in this case. It's good, nevertheless, to see that Monzo Bank tried to proactively settle this complaint.

My final decision

My final decision is that I'm upholding this complaint and requiring Monzo Bank Ltd to pay Miss Z an additional £100 in compensation on top of the £200 it has offered. In other words, given that Monzo appears to have paid Miss Z £100 already, to pay another £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 13 February 2025.

Nicolas Atkinson
Ombudsman