

The complaint

Miss M complains that Monzo Bank Ltd didn't advise her that the premium feature on its current accounts could only apply to a sole account and not the joint account she applied for.

What happened

In April 2024 Miss M began an application for a joint account with Monzo and received a message saying she also needed a personal account but wouldn't need to use it. Miss M added premium to the account after reviewing the benefits, but this feature only appeared on the sole account not the joint account as desired.

Miss M told Monzo she wanted the premium feature on a joint account, but Monzo said this wasn't possible. Miss M said Monzo's website didn't say she was opening a sole account, and its description of the premium benefits didn't state this couldn't be on a joint account, only that on a joint account the overseas transaction limit is higher. Monzo sent her its cancellation policy explaining she would be charged £50 to cover the cost of the card.

Miss M felt Monzo's information was misleading, and if she couldn't have the premium feature on the joint account, she wanted to cancel the account. But Monzo reiterated that Miss M would still need to pay £50, and Miss M complained. She said Monzo took the first £15 monthly fee for the premium feature from her sole account which took her into an overdraft, and she wanted them to remove premium from her account without charging her.

Monzo initially responded to confirm that it wouldn't waive its cancellation fee of £50. Five months later Monzo accepted that it could have made things clearer to Miss M and offered to waive the fee and to refund interest to bring the account to £0 for closure.

Miss M wasn't satisfied with Monzo's response and referred her complaint to our service. She said Monzo took a lot longer to address her complaint and subject access request than it said it would and she had to chase it up for a response. Miss M described the customer service she had received as 'terrible'.

Our investigator recommended the complaint be upheld. She said Miss M complained to Monzo on 7 April 2024, but no resolution was offered until she brought her complaint to us. She said Miss M contacted Monzo numerous times about the outcome of her complaint and was misadvised. She said Monzo should refund Miss M's monthly premium charge of £15 and pay an additional £75 compensation for its poor service and avoidable distress.

Miss M agreed the recommended compensation, but Monzo did not. Monzo asked if the additional compensation is to do with complaint handling delays. Monzo said it hadn't done anything wrong in charging the fees as this was made clear to Miss M and it was her not understanding the difference between a joint and a current account that caused the issue, not a fault of Monzo. Monzo said it wasn't '*technically true*' for the investigator to say that Monzo misadvised Miss M and its offer to bring the account to £0, was a gesture of goodwill.

The investigator said the compensation was a result of poor service and the delays caused Miss M to be charged additional fees for the maintenance of the account. She said Monzo

accept that communication should have been clearer in describing the nature of the premium feature and that it can only apply to a sole account. Monzo disagreed and requested an ombudsman review Miss M's complaint.

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 take Miss M's complaint to be that Monzo's application process was unclear and the information it provided on its website about the premium feature did not state that it cannot be added to a joint account. I was sorry to learn that what should have been a straightforward account application process has turned into a prolonged and drawn-out experience for Miss M. My role is to determine whether what took place was fair and reasonable and whether Monzo followed the process correctly.

In assessing whether Monzo acted fairly, I've taken into account the relevant rules and guidelines along with good industry practice. There are general principles that say that businesses should conduct their business with due skill, care and diligence and pay regard to the interests of its customers.

To be specific, businesses are required to provide customers with appropriate information so they can make effective, timely and properly informed decisions. The rules relating to the 'Consumer Understanding' outcome of the Consumer Duty say that information must be provided before a product is bought and at suitable points throughout the lifecycle of the product. The Financial Conduct Authority has set out some guidance about how to ensure communications are effective and the information consumers are given is clear, fair and not misleading – and understood.

Miss M said it isn't clear when selecting to open a joint account that Monzo also require the opening of a sole account. The part of the website that advises about the sole account states, *'don't worry, you don't have to use it'*. I agree with Miss M that this is misleading as it indicates this to be a formality rather than the repository of the premium feature. Although the terms and conditions go some way to explaining the correct situation, the description of the premium feature didn't state that this can only apply to a sole account.

Monzo's position on Miss M's responsibility for understanding its terms and conditions concerning its accounts appears to have hardened over time. I prefer Monzo's complaint investigator's first response, that its information on *'the limitations of a joint account could be clearer and shouldn't rely on the customer's understanding that a "Current Account" specifically means a sole account'*. Rather than its later response after its offer was rejected, that it had done nothing wrong.

I have reached this view from my reading of the terms and conditions presented to Miss M about the account, which, as I have said, depends on a customer understanding that the Monzo current account refers only to a sole account. I think that it should have been possible and was certainly desirable for Monzo to have stated clearly that the premium feature was not available for joint accounts.

And so, I agree with Miss M that Monzo's website description of the account was misleading and not as intended by the rules. Monzo's belated acknowledgement of this led it to offer to cancel the account free of charge. However, by this time I think Miss M was entitled to further compensation for the poor customer service she had experienced whilst waiting for her issues to be addressed by Monzo.

Complaint handling isn't a regulated activity and so it's outside the jurisdiction of this service. However, Monzo's delays in dealing with Miss M's complaint caused her to incur monthly charges and interest for the account she clearly no longer wanted, and so the impact goes beyond the frustration and inconvenience caused to her by having to chase Monzo for a response.

Although I'm pleased Monzo made an offer to resolve the complaint by writing off its £50 cancellation fee and interest, this was more than five months after Miss M brought her complaint by which time Monzo's very poor complaint handling had caused her expense and frustration.

Putting things right

Having considered Miss M's experience in applying for an account with Monzo, I agree with the investigator about the redress. I think it is fair for Monzo to refund the cancellation fee and any monthly account fees incurred and pay Miss M £75 compensation for the distress and inconvenience caused from the delays in its dealing with the issues she had raised.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Monzo Bank Ltd to waive or repay Miss M the cancellation fee of £50, refund any monthly account fees incurred of £15 per month and any interest incurred on the account, and pay Miss M £75 compensation for the distress and inconvenience she has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 March 2025.

Andrew Fraser
Ombudsman