

## The complaint

Ms M complains Monzo Bank Ltd (“Monzo”) closed her accounts without explanation nor notice. Ms M says Monzo’s actions caused her substantive financial difficulty, distress, and inconvenience.

## What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In August 2024, Monzo asked Ms M about a payment refund she had received from a retailer. Ms M explained that the refund was supposed to be made to her credit card as that’s the account she’d used to make the payment in the first place. But due to an error navigating her mobile phone, she used her Monzo account details for the refund.

Monzo asked Ms M for proof of this. Ms M said she may still have the receipt. Ms M says she uploaded a screenshot of a document which showed the payment had been made from that account. Monzo say it didn’t receive anything from Ms M to show she had made this payment from her credit card.

On 10 September 2024, Monzo notified Ms M that it had decided to close her accounts with immediate effect. Ms M contacted Monzo and wanted to know why it had closed her accounts and when she would get her funds. Monzo explained it hadn’t received the evidence it asked for from her. Monzo also asked Ms M about other payments and her account activity. Ms M says she then sent through the same document screenshot to show she had made the payment that was being queried from her credit card account. On 13 September 2024, Monzo informed Ms M it had reversed its decision to close her accounts.

Unhappy, Ms M complained. Monzo didn’t uphold Ms M’s complaint. In summary, Monzo said it hadn’t made any error, the correct decision was taken to close her accounts, and it didn’t need to give an explanation. Monzo added a further review was carried out and further questions asked of Ms M on 12 September 2024. And after Ms M responded, a decision was taken to no longer close her accounts.

Ms M referred her complaint to this service. Following a further review, Monzo proactively offered £125 compensation for any distress caused to Ms M to resolve her complaint. Ms M didn’t agree. In short, the novel points Ms M made which she hadn’t previously were:

- Monzo should’ve done more before closing her account, and she knew it was because of suspected fraud given it had contacted her before. And despite her apprehension, she provided evidence from her credit card company about the payment.

Monzo said its messages with Ms M show she wasn’t comfortable with sharing her credit card statement with it in early September 2024. And that it can’t find any evidence of a

statement being provided via its chat function or email before the 12 September 2024 when it did.

After looking into it, our Investigator recommended Ms M's complaint wasn't upheld. In short, their key findings were:

- Monzo is under no obligation to provide Ms M with an explanation as to why it decided to close her accounts. And it's required to have measures in place to review payments to meet its obligations. As part of a review, Monzo is entitled to ask its customers for information.
- Following Ms M's accounts being closed, she responded to Monzo and provided evidence of the payment being made from her credit card on 12 September 2024. Had Ms M provided this information sooner she could've mitigated against the closure of her accounts. When she did, Monzo reversed its decision to close her accounts.
- Ms M's accounts were closed for two days. And it appears from Ms M's statements she held accounts with other providers. So, as Ms M had funds elsewhere to meet her everyday financial needs, the impact of the blocks was minimal.

Ms M didn't agree with what our Investigator said. She wasn't happy that Monzo had previously offered £125 and questioned why it had done so if it hadn't done anything wrong. Ms M emphasised she had sent Monzo the information it required when it first queried the refund payment with her in August 2024.

Ms M later said she had been through her camera roll and located the date of 25 August 2024. Ms M sent in further information related to this for an ombudsman to review. Our Investigator asked Monzo about this. Monzo sent some technical information from its systems and said:

- It first reached out to Ms M on 23 August 2024, and a response was received from her on 25 August 2024.
- It reached out again to Ms M on 2 September 2024 to ask for evidence of the statement. This was complete on 8 September 2024, but no image was uploaded. Monzo cannot say either way whether this was due to a system error or an error by Ms M. So, it asked for the statement again.
- At no point was a statement asked for, or provided, on 25 August 2024.

As there was no agreement, this complaint has been passed to me to decide.

### **What I've decided – and why**

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Ms M and Monzo have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided not to uphold this complaint. I'll explain why.

Banks in the UK, like Monzo, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts. These obligations can also include the monitoring of individual payments.

Having considered Monzo's reasons and supporting evidence for why it carried out a review on Ms M's complaint, I'm satisfied it did so in line with its obligations. That includes Monzo asking for information about Ms M's other account activity.

Monzo is entitled to close an account just as a customer may close an account with it. But before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Monzo and Ms M had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

This brings me onto the crux of this complaint. That's because it centres on whether Ms M sent Monzo the information it required to show she had made the payment from her credit card on 25 August 2024. As I've detailed above, Monzo say Ms M didn't do this on the 25 August 2024 when it first asked her. But Monzo did get some information from her on 8 September 2024, but this showed as blank on its end. So, it can't be sure what happened.

Ms M has sent me a screenshot she says she's taken from her camera roll to show she did send the credit card payment evidence on 25 August 2024. This evidence shows the same document as that which Monzo relied on the 13 September 2024 to reverse its decision to close the accounts. I note also that the date of 25 August 2024 is visible on the top of Ms M's screenshot. But on the bottom righthand side of the actual document, of which a screenshot has been taken, it says "11/09/2024".

This is part of the document and is most likely to reflect the date of generation of the document. Because of this, I'm persuaded it was generated on 11 September 2024. Taken together with the fact Ms M had objected to sending a credit card statement when asked about it in early September 2024, I'm persuaded it's likely she didn't send Monzo what it asked of her until the accounts were closed on 11 September 2024.

Monzo has shared with me why it held concerns, why it required information from Ms M, and why it closed the accounts in the way it did. Having carefully considered this information, I'm satisfied its decision to close the accounts with immediate effect was in line with the terms and conditions of the account. Its understandable why Ms M would like a more detailed explanation, but Monzo is under no obligation to do so.

I also note that Monzo acted fairly and reasonably when it did get the information it needed from Ms M by reversing its decision to close the accounts. And it appears from the statements that Ms M has subsequently continued to use her accounts with Monzo.

I don't undervalue the impact Ms M says her accounts being closed caused her. I note she did have external accounts and it doesn't appear Monzo was her main everyday account provider. So that should have mitigated any greater impact to her. However, and importantly,

as I don't think Monzo did anything wrong, I see no basis in which to award her any compensation for the distress, financial difficulty, and inconvenience she says she suffered.

Ms M may find it unfair that I am not making a direction to Monzo to pay her the compensation it previously offered. But my role is to independently and impartially decide a complaint based on all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And that is what I have done here.

Lastly, I haven't seen any evidence that Monzo applied any adverse information against Ms M.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 28 February 2025.

Ketan Nagla  
**Ombudsman**