

The complaint

Mrs A complains that Monzo Bank Ltd unfairly closed her account and returned some of the funds that remained to source.

What happened

In August last year, Monzo contacted Mrs A asking her to prove her entitlement to funds that had entered her account. Mrs A didn't respond so Monzo closed her account immediately. At the time, Mrs A had a balance of around £1,100. She's unhappy that Monzo only sent her just over £430. The bank says that it sent the remaining circa £700 back to source.

As the complaint was unresolved following Monzo's response, Mrs A asked this service to get involved. She's unhappy that her account was closed without prior notification, and she wants Monzo to return the full balance to her. Mrs A says Monzo's actions affected her health, caused her stress and compounded existing difficulties in her life. Mrs A says the payment in question that entered her account, to the value of £1,000, was sent by her mother.

Our investigator concluded that Monzo had acted fairly. Mrs A didn't agree so the complaint has been passed to me for a final review.

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've decided not to uphold this complaint – I'll explain why.

Monzo has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm. Monzo may need to review and restrict accounts to comply with these responsibilities.

Monzo has provided me with information to show why it reviewed Mrs A's account. Having considered this, I'm satisfied the bank acted in line with its regulatory obligations.

Monzo is entitled to close an account. However, in doing so, it must ensure it complies with the terms and conditions of the account. The terms of the account say that Monzo can close Mrs A's account by giving her at least two months' notice. In certain circumstances, the bank can also close an account immediately.

Monzo closed Mrs A's account immediately. I'm satisfied that Monzo acted fairly and in line with its terms and conditions when doing so. The bank is under no obligation to explain why it made this decision.

Monzo has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest

that Monzo's decision around closing Mrs A's account was unfair.

Following the closure of Mrs A's account, Monzo sent around £700 of the balance that remained back to source – in this case the bank that asked for what remained of the £1000 to be sent back to it. Mrs A disputes that Monzo should have done this because she thinks she's entitled to the funds.

I can see that Monzo contacted Mrs A before closing her account, providing her the opportunity to evidence her entitlement to the funds. The bank said its records show she read the message and she had logged onto the account after it contacted her. I find this is likely given the activity on her account after Monzo's contact, which included faster payments. Mrs A says she didn't see the message at the time, otherwise she would've responded. But given what Monzo has said, I'm not persuaded by this.

However, Mrs A hasn't persuasively evidenced that she's entitled to these funds. If indeed her mother owed her £1000, I would've expected her to be able to demonstrate this by providing information either to Monzo or to our service, such as her transactions that related to the debt or through copies of any communications she may have had about the money owed to her. So I don't find her testimony to be plausible. Moreover, the information Monzo has shared in confidence is enough for me to be satisfied that there is reason to doubt her entitlement to the £1000 payment.

In summary, I'm satisfied Monzo acted fairly when it closed Mrs A's account and returned some of the funds in the account to source. I understand Mrs A's position in that she feels she's entitled to the funds. But I don't agree so I won't be asking Monzo to do anything because of this.

My final decision

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 29 April 2025.

Abdul Ali
Ombudsman