

The complaint

Mr B complains Monzo Bank Limited unfairly blocked and closed his account as it believed he was the victim of a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 13 December 2024 Mr B transferred funds into his Monzo account – and then forwarded these onto his account with a third-party provider – who I will refer to as C. Mr B attempted to make another transfer, but this was declined as the daily account limit had been reached.

Given the account activity Monzo blocked Mr B's account and asked Mr B some questions about his account usage. During this time Mr B was asked about his activity on C's platform and the transfers made. Monzo determined Mr B was the victim of an investment scam and made the decision to close his account. Mr B's balance was transferred to him.

Whilst Mr B's account was blocked, he raised a number of queries with Monzo regarding his account and Monzo's reasons for blocking it. The account was unblocked on 18 December 2024 and closed with immediate effect. Mr B raised a formal complaint about Monzo's handling of matters, and in its final response letter it explained it was under a duty to monitor customer accounts to detect activity which shows a customer may be a victim of fraud. Monzo said it needed to carry out a thorough investigation and that is why it asked Mr B questions and for supporting evidence. Monzo accepted some of the in-app messages were repetitive and unhelpful, and offered to pay Mr B £25 in recognition of this service failing.

Mr B remained unhappy and referred his complaint to this service. An Investigator gathered the relevant evidence, and in summary, made the following findings:

- Monzo has explained it blocked the account as it believed Mr B was the victim of a scam – Monzo had sufficient reason to be concerned and take action to protect Mr B's account.
- Monzo isn't obliged to give notice of account restrictions and there is no set time frame for a review.
- The compensation offer of £25 for service issues is fair in the circumstances.
- Monzo transferred the funds in the account to a different account to the one Mr B nominated. However, Mr B had access to these funds and there was no distress or inconvenience caused.

Mr B disagreed with the Investigator's review, explaining he had several previous dealings with the trader in question and was confident he was not the victim of a scam. Mr B says Monzo's actions meant he lost out on the ability to trade during the time it blocked his account.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final decision.

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 appreciate Mr B was disappointed by the Investigator's opinion. I'd like to reassure Mr B that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

The crux of Mr B's complaint is that Monzo unfairly restricted his account. Monzo has legal and regulatory obligations to be alert to instances of fraud and scams. And to act in their customer's best interests. If they have good grounds to suspect that one of their customer's is in the process of being scammed or unwittingly allowing their accounts to be used for financial crime, they can refuse to process payments and restrict an account to protect them. This type of monitoring and review is an important part of Monzo's legal and regulatory duties. Monzo has provided its rationale for blocking the account – which include the account activity, and I am satisfied it was acting in line with these duties when it decided to block the account.

In Mr B's case I can see he made a transfer to the platform C of £10,000 and when he attempted to make another the payment was blocked. The terms and conditions of the account allow Monzo to refuse to process a payment when they have suspicions a customer may be a victim of fraud – which is what Monzo believed here. As well as its decision to block the payment, Monzo restricted the account to conduct a review, and this is an action that the terms and conditions of the account also allow for.

I've thought carefully about the review Monzo carried out whilst the account was restricted. I can see Monzo asked Mr B to provide details of his account with C – such as a statement. Mr B didn't feel comfortable sharing this information, and during phone calls with Monzo he provided details of the trader he was in contact with. Monzo concluded based on the information Mr B shared that he was the victim of an investment scam – a conclusion Mr B finds unfounded as he has insisted on multiple occasions that he has a long history with this individual and he is an experienced investor. I understand Mr B's strength of feeling about this, but given the information Monzo had I think it was reasonable for it to have concerns and to continue to block Mr B's account.

Whilst Monzo was making enquiries with Mr B he explained he no longer wanted to be part of any review or investigation, and he requested his account be closed and his funds released to him immediately. Monzo followed Mr B's request and closed the account. I understand Mr B feels like Monzo's unreasonable actions led to this point, but I'm satisfied Monzo was carrying out relevant enquiries, and the information it asked for from Mr B, and in turn shared with him show legitimate concerns about Mr B and the safety of his funds. Ultimately, I believe the decisions Monzo took, were made in good faith and in an effort to protect Mr B against losing his money to a potential scam. So I don't think it was wrong of Monzo to suspend and close Mr B's account.

Mr B says Monzo has chosen to ignore the information he has provided, and it failed to distinguish between an inexperienced customer, and someone like himself who has crypto trading experience. I don't think Monzo ignored Mr B's comments – the key point here is that the information Mr B shared didn't allay Monzo's concerns. It considered the usage of the account in the manner Mr B wanted would be an ongoing risk to both Monzo and Mr B.

Mr B has also raised general points about the service Monzo provided. Monzo has accepted that the in-app chat messages were sometimes repetitive and robotic, and it offered Mr B £25 in recognition of this service issue. In light of the messages and the impact on Mr B I consider £25 to be a reasonable amount of compensation and in keeping with this service's approach to compensation.

When Monzo released the funds in Mr B's account it acknowledged it sent the funds to a different account for Mr B, rather than the one he nominated. I appreciate this would've caused Mr B additional frustration at what was already a stressful time. However, I don't consider additional compensation to be appropriate as the funds were still paid to Mr B and he had full access to them.

I know this will not be the outcome Mr B was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Monzo to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 October 2025.

Chandni Green
Ombudsman