

The complaint

Mrs P complains Monzo Bank Ltd unfairly closed her account and returned funds to sender.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mrs P held a Monzo account and on 9 August 2024 Monzo restricted the account to carry out a review. On 16 August 2024 Monzo informed Mrs P it would be closing her account immediately. It explained that it wouldn't be able to give Mrs P a reason for the closure, and any remaining funds would be sent to a nominated account. Funds had recently entered Mrs P's account, and they were returned to source. The remaining balance of £94.46 was returned to Mrs P on 30 August 2024.

Unhappy with the decision made by Monzo Mrs P raised a formal complaint. Mrs P said the review took too long and the decision to return funds to source was unfair, and Monzo had failed to carry out a proper review. Monzo said the review was carried out in a timely manner and the decision to return funds to source was appropriate.

Mrs P remained unhappy and referred her complaint to this service. An Investigator reviewed the complaint, and in summary, made the following findings:

- Monzo reasons for blocking the account are reasonable so it could meet its regulatory duties.
- There was no undue delay whilst the account was restricted.
- The reasons Monzo has provided for the closure are fair, and it has acted in line with the account terms.
- The decision to return funds to source was fair based on the evidence Monzo held.

Mrs P remained unhappy and maintained Monzo had acted unfairly. In particular Mrs P said the decision to return funds to source was unfair, as the funds were from her husband and he transferred money to Mrs P regularly from his business. The Investigator wasn't persuaded by Mrs P's additional submissions and maintained the same view. The case has now been 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.

Firstly, I am sorry to see Mrs P has had cause for complaint and the impact the account closure has had on her. I can see she feels strongly that she has been treated unfairly. 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.

As a UK financial business, Monzo is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Monzo needs to restrict, or in some cases go as far as closing, customers' accounts.

In Mrs P's case Monzo restricted Mrs P's account due to concerns regarding the account activity. Monzo has explained and given me information to show why the account activity resulted in its review and block of Mrs P's account. Having carefully considered this, I'm satisfied Monzo took these actions in line with the obligations it must adhere to.

I know Mrs P would like a detailed explanation as to why Monzo took these actions. But Monzo isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo has provided is information we consider should be kept confidential. But I can assure Mrs P that Monzo's block had been placed on the account fairly, and in an attempt to clearly establish the nature of transactions.

I must also highlight the account terms allow Monzo to block and review Mrs P's account in certain circumstances. With this in mind I am satisfied Monzo blocked the account in keeping with its legal duties and the account terms.

Mrs P says Monzo's decision to restrict her account caused her significant distress and inconvenience. I do appreciate this matter would've caused Mrs P some difficulty. But as outlined above, I'm satisfied Monzo took reasonable action in blocking the account. I also understand the lack of timeframe for the review has added to Mrs P's frustration, but generally there is no set timeframe in place for reviews of this nature.

The impact of an account restriction can be significant, so this service would expect Monzo to carry out the review in a timely manner. Looking at the timeline of events, I can't see any instances of an avoidable delay.

Monzo's review of Mrs P's account led to its ultimate decision to close the account. Monzo is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Monzo should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied Monzo's decision was made fairly.

The terms and conditions of Mrs P's accounts set out that the bank can close the accounts immediately. In this case Monzo blocked Mrs P's account, so I consider this to be akin to an immediate closure. For Monzo to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Monzo did.

A key issue for Mrs P is Monzo's decision to return funds to source. Mrs P has provided various pieces of evidence which she says demonstrates the incoming payment was legitimate and Monzo should provide her with the amount returned. This includes evidence regarding her husband's business and purpose of the funds. Mrs P also says the funds weren't returned back to her husband as they should've been. I've thought carefully about

Mrs P's submissions, but they don't persuade me that Monzo has acted unfairly by returning the source to funds.

I'm sorry this isn't the outcome Mrs P hoped for, and I know she will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Monzo to take any further action or compensate Mrs P.

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 Mrs P to accept or reject my decision before 28 October 2025.

Chandni Green
Ombudsman