

The complaint

Mr M complains Monzo Bank Ltd unfairly closed his account without a proper explanation.

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.

Mr M held a Monzo account. Mr M contacted Monzo to explain that there were transactions on his account for flights that he didn't recognise. Monzo reviewed this claim in light of the evidence submitted by Mr M and the account history.

On 5 February 2025, after completing its review, Monzo informed Mr M that it had decided to close Mr M's account. Monzo provided Mr M with 62 days to make alternative banking arrangements. Mr M raised a formal complaint about Monzo's handling of his account and explained he had been treated unfairly.

In its final response letter dated 12 February 2025 Monzo explained that Mr M had raised a dispute form for unrecognised transactions on his current account. Monzo said based on its review of the form and Mr M's account it was unable to reimburse him for the transaction. Monzo explained the account was closed in line with the relevant terms and conditions, and that Mr M would be able to use his account as normal until the date of closure.

Mr M remained unhappy and referred his complaint to this service. An Investigator reviewed his concerns and in summary, reached the following findings:

- Banks like Monzo are under numerous regulatory obligations, and Monzo's decision to review Mr M's account is in keeping with these.
- Monzo acted in line with the account terms and conditions.
- Monzo doesn't have to provide Mr M with a reason for its decision.
- Monzo acted fairly in the circumstances.

Mr M disagreed with the findings, saying it was unfair to close the account and it caused him significant financial loss.

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 M was disappointed by the Investigator's opinion. I'd like to reassure Mr M 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr M, but I'd like to reassure him that I have considered everything that he's told us.

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. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Monzo needs to restrict, or in some cases go as far as closing customers' accounts.

In Mr M's case, although there is some information I am unable to share in detail with Mr M, the emails between Mr M and Monzo show the events leading up to the closure. Mr M is aware that he submitted a chargeback claim for flights he was unable to use. Mr M said he didn't receive a refund from the merchant, and he asked Monzo to consider a chargeback claim. Monzo asked Mr M to provide further information about this, but I can't see that further details were provided. Following this, Mr M then claimed the transactions on his account were fraudulent and he didn't authorise them. At this stage Monzo, as per its regulatory duties and account terms, conducted a review of Mr M's account.

Monzo's review of Mr M's account led to its ultimate decision to close the account. The terms and conditions of Mr M's account allow for closure in specific circumstances. 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. Given its regulatory and legal obligations, I'm satisfied Monzo's decision was made fairly.

I understand Mr M says the account closure had a financial impact on him. However, looking at the timeline of events I can see Mr M was provided with 62 days to make alternative arrangements. Monzo also confirmed the closure wouldn't be recorded against Mr M's credit file, as this was a concern for him. Mr M was able to utilise the account as normal during this time, and although I understand there would've been a degree of inconvenience for Mr M, I don't consider this to be something Monzo needs to compensate Mr M for.

I appreciate Mr M will be disappointed with my decision, but I am satisfied Monzo acted reasonably in closing Mr M's account. I hope my decision provides some clarity around why I won't be asking Halifax 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 M to accept or reject my decision before 22 October 2025.

Chandni Green
Ombudsman