

The complaint

Mr T complains Monzo Bank Ltd (“Monzo”) restricted his account whilst it carried out a review causing him substantive distress, inconvenience, and embarrassment. Mr T adds that Monzo should have removed the blocks much sooner that it did as he had provided sufficient information when it first asked him about a transaction he was attempting to make.

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.

On 29 December 2024, Mr T was looking to make a payment to purchase a car using funds he had in his Monzo account. Mr T’s partner had sent him some money to help make up the funds he needed to make this purchase. Monzo blocked Mr T’s account at the point he was trying to make this payment and said it had done so as it had fraud concerns. As part of its review, Monzo asked for information from Mr T to show he had received funds from his partner, and evidence of his intended purchase.

Mr T provided Monzo with some information which he feels should’ve been enough. But Monzo didn’t remove his block until he provided a civil partnership certificate. Monzo unblocked Mr T’s account some 24 hours after it had been blocked.

Mr T says Monzo’s actions were invasive, disproportionate and unreasonable. Unhappy, Mr T complained. Monzo didn’t uphold Mr T’s complaint. In short, Monzo said it had provided the expected level of service; the actions taken were to make sure Mr T’s account was safe; its systems had flagged Mr T’s account and Monzo has seen an increase in scams; and Monzo endeavours to carry out any such review as quickly as possible.

Mr T referred his complaint to this service. One of our Investigator’s looked into Mr T’s complaint, and they recommended it wasn’t upheld. In summary, they made the following key points:

- Monzo is required to have processes in place to help ensure it takes reasonable steps to keep its customers safe and prevent fraud
- Monzo was entitled to perform further checks, and it did so fairly
- Monzo’s actions understandably caused Mr T inconvenience and embarrassment. But the account was blocked in line with the terms and conditions
- The review was conducted in a timely manner and there were no undue delays caused

Mr T didn’t agree with what our Investigator said. In short, he made the following key points:

- The regulator, the Financial Conduct Authority (FCA), doesn’t give Monzo a blanket ‘green light’ to freeze accounts indiscriminately or without justification. Mr T provided Monzo with clear and enough information that the funds came from his partner. So, by not unlocking his account earlier, the account was blocked unreasonably for longer than it should have

- The blocking of all account service including the CHIP and PIN on the card meant Mr T couldn't purchase essential living items. Monzo should have given some access to allow Mr T to maintain essential services
- The distress, loss of dignity, and disruption to Mr T's life weren't considered seriously
- Mr T is entitled to have been treated fairly in line with the FCA's principles. And the Payments Service Regulations 2017 (PSR') entitle him to timely and transparent handling of transactions

Our Investigator considered what Mr T said, but it didn't change their mind. As there was no agreement, this complaint has now 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 Mr T 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.

The first question I need to ask myself is whether Monzo has done anything wrong in blocking Mr T's payment. And having thought about this carefully, I'm satisfied Monzo has acted fairly and reasonably by taking steps to protect its customer. This was a large transaction, and somewhat uncommon to Mr T's usual activity. So, I think Monzo didn't do anything wrong in flagging it and restricting Mr T's account until it could be satisfied that this was a legitimate transaction – and Mr T wasn't falling victim to fraud or a scam.

It's also worth noting that all banks in the UK 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 customer relationship. That sometimes means banks, like Monzo, need to restrict payments and accounts until further checks have been done. After all, particularly in the context of the rise in scams and fraud, the consequences of failing to protect its customers from financial harm can be severe.

Mr T has argued that Monzo's actions were disproportionate and meant he wasn't treated fairly. It's not entirely clear if he means this in the context of the review being carried out – or whether in conjunction with Monzo not releasing his account when he showed details about the car he was attempting to buy including through the contract, V5C document, providing a thorough explanation and payment transfer confirmation.

Mr T says Monzo only removed the freeze when he proved his relationship with his partner – despite them sending him funds before and living at the same address. Mr T's account was blocked for around 24 hours. I don't undervalue in any way that losing his account access for this period caused Mr T significant distress, inconvenience and embarrassment in the way he says it did. I can also understand why Mr T feels so strongly about his complaint and why the inability to use his funds for essential costs impacted him in the way he has explained. But I don't think Monzo acted unfairly nor unreasonably in concluding its review when it did. That means I'm satisfied Monzo didn't cause any undue delay in unfreezing Mr T's account.

I note what Mr T has said about being treated fairly and the provisions of the PSR's. But I do think, after weighing up all the evidence and arguments, that Monzo acted in a timely manner and acted proportionately with its review.

As I don't think Monzo did anything wrong, I see no basis in which to award any compensation for the distress, inconvenience, and embarrassment, Mr T has said he suffered.

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 Mr T to accept or reject my decision before 10 July 2025.

Ketan Nagla
Ombudsman