

## **The complaint**

Mr M complains Monzo Bank Ltd unfairly closed his account with no explanation and didn't release his funds promptly.

## **What happened**

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

Mr M held a Monzo account, and in January 2025 following a review Monzo made the decision to close Mr M's account with immediate effect. Mr M held a balance in the account and Monzo asked for alternative account details so the funds could be transferred.

Mr M raised a complaint with Monzo explaining the closure was unfair and Monzo had delayed releasing his funds. Monzo reviewed Mr M's concerns and in its final response letter dated 13 February 2025 it explained there was a delay in Mr M receiving funds. It confirmed the process takes 2-4 weeks, not 3-5 days as he was advised. Monzo paid Mr M £50 in recognition of this service failing.

Mr M remained unhappy and asked our service to review his concerns. An Investigator gathered the relevant evidence and in summary, made the following recommendations:

- Monzo is entitled to close an account, but it must do so in line with the account terms.
- Monzo isn't under an obligation to provide a specific reason to Mr M for the closure. It has informed this service in confidence of its reasons and these are fair.
- There was a delay in Mr M receiving his account balance, but it wouldn't be appropriate for Mr M to be compensated for this.
- The payment of £50 for the poor service received by Mr M was fair, and Monzo doesn't need to take any further action.

Dissatisfied with this review, Mr M asked for his complaint to be reviewed by an Ombudsman.

## **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.

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 I can see Monzo carried out a review of Mr M's account and made the decision to close it immediately. I must highlight Monzo is entitled to close an account just as a customer may close an account with it. But before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the accounts, which Monzo and Mr M had to comply with, say that it can close the accounts by giving him two months' notice. And in certain circumstances it can close an account immediately or with less notice. Monzo closed Mr M's accounts with immediate effect. Monzo has explained and given me information to show why it reviewed and closed Mr M's account with immediate effect. Having carefully considered this, I'm satisfied Lloyds took these actions in line with the obligations it must adhere to.

I know Mr M would like an explanation as to why Monzo took these actions. But it 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 Mr M that having reviewed it, Monzo's decision to close Mr M's account was fair and reasonable in the circumstances.

At the time Monzo made its decision to close Mr M's he had an account balance. Mr M says there was a delay in returning the funds and this had a significant impact on his financial situation and mental health. Mr M says he was unable to pay debts, and he now has a CCJ against him. It's not in dispute that the information Mr M was given about timeframes for receiving his funds was incorrect. Monzo accepts it shouldn't have told him 2-3 days, as it was going to take weeks for the funds to be returned. Monzo has accepted its service fell below reasonable standards and has paid Mr M £50 for the impact this had on Mr M.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses, and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the timeline of events, I think the compensation offer of £50 to be fair.

I say this because the Monzo account doesn't appear to have been Mr M's main account – I can't see a salary or benefits being paid in, and it appears Mr M had the use of other accounts. I don't underestimate the distress the delay in receiving funds would've caused Mr M, but the timeline of events shared to me in confidence by Monzo doesn't persuade me that further compensation would be appropriate.

I'm sorry this isn't the outcome Mr M hoped for. While the amount of compensation isn't what he was looking for, I do hope my final decision provides some clarity around why I won't be asking Monzo to take further steps than it has already taken.

### **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 27 October 2025.

Chandni Green  
**Ombudsman**