

The complaint

Mr M is unhappy Monzo Bank Ltd closed his account and only returned some of the account balance to him.

What happened

In October 2024 Mr M told Monzo he'd been the victim of a scam. He said he'd sent money to someone he believed he was buying a car from but the car was not received and it turned out to be a scam.

Monzo investigated the claim and on 2 January 2025 reimbursed Mr M a total of £11,410 – payments of £6,000 and £6,510 Mr M said he'd paid to the scammer for the car, less £1,100 he said had been returned to him by the scammer.

After further investigation Monzo made the decision to close Mr M's account and wrote to him on 17 January 2025 to confirm the account would be closed on 4 February 2025.

On 21 February 2025 Monzo returned £14,756.65 of the account balance to Mr M but withheld £10,770.79. In its response to Mr M's complaint about this, Monzo confirmed it was returning the £10,770.79 to source. Monzo said it had taken longer than expected to deal with Mr M's complaint and offered £125 for customer service issues.

I issued my provisional decision on 3 December 2025 and said that:

Mr M is unhappy Monzo has decided to close his account. In particular he's unhappy that it has withheld £10,770.79 of the account balance at the time of account closure as it says it's returned this money to source.

I'll start by setting out some context for Monzo's review of Mr M's account. Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for businesses to conduct a review on a customer and/or the activity on an account.

Our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security or commercially sensitive information. Monzo has provided this service with information about why it decided to close Mr M's account and return some of the funds to source and we consider some of this information 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 carefully. Having done so, I'm satisfied Monzo has acted fairly.

Banks and financial businesses are entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. And, in this instance the terms of Mr M's account say that in certain instances Monzo can close the account with immediate notice and it doesn't have to provide a reason for doing so. Banks are also entitled to return funds in certain circumstances, and I'm satisfied Monzo has acted fairly and reasonably and in line with the terms and conditions of the account in doing so in this case.

I understand Monzo has offered Mr M compensation for some customer service issues. After considering all the circumstances, and evidence which I consider should be kept confidential, I don't consider it would be fair or appropriate to award or require Monzo to pay any compensation in this case.

Monzo accepted my provisional decision. Mr M did not, he felt my decision hadn't provided any explanation or proof the closure and return of some of the funds was fair.

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.

Having considered the responses from both parties carefully, I don't see any reason to depart from the findings outlined in my provisional decision.

I understand Mr M would like to know more about why Monzo has made the decision it has. But as I've explained, some of the evidence it's provided that supports its decision is evidence I consider should be kept confidential. I'd like to assure him again that I have reviewed this evidence carefully and I'm satisfied Monzo has not acted unfairly in closing his account immediately and returning some of the funds to source.

My final decision

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 19 January 2026.

Faye Brownhill
Ombudsman