

The complaint

Mr M complains that Monzo Bank Ltd returned a payment his employer made into his account after it closed.

What happened

Mr M had an account with Monzo. In November 2024, Monzo decided to close Mr M's account – and blocked the account with immediate effect. A few days later, Mr M's employer tried to pay his salary by Bacs transfer. As the account had closed, Monzo says it returned the funds to the employer's bank, which I'll call "B". But Mr M's employer said it hadn't received them. Mr M complained to Monzo and referred the complaint to us.

Following our involvement, Monzo has now returned the funds to Mr M. It says it originally returned the funds to B. B then carried out its own checks and decided to send them back to Monzo in April 2025. Monzo then released the funds to Mr M in June 2025. Our investigator looked at this and thought this delay was largely due to the actions of B. He didn't think Monzo needed to take any further action.

Mr M doesn't agree with the investigator. The complaint has been referred to me to decide.

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 don't uphold the complaint. I'll explain why.

Mr M's employer tried to pay his salary into a closed account. When this happened, the payment was automatically returned to the sender through the Bacs payment system. Monzo has provided a Bacs trace report – and this shows that the payment was returned automatically because Mr M's account was closed. The funds were returned to B.

I accept that Mr M's employer told Mr M that Monzo had these funds. But based on what I've seen, I'm satisfied Monzo had returned the funds to B. I cannot hold Monzo responsible if B didn't then credit Mr M's employer's account. Nor can I hold Monzo responsible for anything B told Mr M's employer.

B then decided it would return the funds to Monzo. Monzo received these funds on 11 April 2025. After we obtained alternative account details from Mr M, Monzo paid this amount to Mr M on 12 June 2025. Again, I cannot hold Monzo responsible for the actions of B or its decision to return these funds to Monzo rather than crediting his employer.

I have some sympathy for Mr M and don't doubt that he's had a difficult time. He was left without his salary, and that's not his fault. But having considered all the information and evidence, I can't say this is the fault of Monzo – this was something that happened automatically because the payment was made to a closed account. I don't uphold the complaint and I'm not going to tell Monzo to do more to put things right.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 December 2025.

Rebecca Hardman
Ombudsman