

The complaint

Mr F complains that Monzo Bank Ltd closed his account without providing a proper explanation.

What happened

Mr F had a current account with Monzo, which he used to pay for everyday expenses.

In late 2024, Mr F contacted Monzo and raised a dispute regarding not receiving items he'd ordered which he'd paid for using his Monzo account. He asked Monzo to try and get his money back. Monzo looked into Mr F's dispute and raised a charge back claim with the merchant, who defended Mr F's claim.

Following this, Monzo decided to close Mr F's account and wrote to him to let him know he had 62 days to make alternative banking arrangements.

Mr F complained to Monzo and asked the bank to provide an explanation why it no longer wanted him as a customer. He said the closure of his account had caused him a good deal of trouble and upset. And had impacted his financial commitments. He said he has always used his account properly and needed the account to receive his wages and support his family.

In response, Monzo said it hadn't done anything wrong and had closed the account in line with the account terms and conditions. And didn't have to explain why it had closed the account. Monzo also gave Mr F details about how he could carry on servicing the other products he had them.

Mr F remained unhappy and brought his complaint to our service where one of our investigator's looked into what had happened. He said he's worried Monzo have recorded adverse information about him and believes the bank closed his account because he raised a dispute. The investigator didn't uphold Mr F's complaint.

Mr F didn't accept the investigators view. He said he wants to know why Monzo closed his account. And that the closure caused him a lot of problems.

As no agreement could be reached the matter has come 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.

The summary of events above is brief, and in far less detail than both parties have given. I don't intend any discourtesy in taking this approach. Instead, I've focused on what I consider to be the key issues involved here. The rules of our service – The Dispute Resolution (DISP)

rules in the Financial Conduct Authority's handbook – provide me the discretion to do this. This is to reflect the informal nature of our service, as an alternative to the courts. If I haven't mentioned something in particular either party has submitted, this isn't because I've not considered it or taken it on board. Rather I do not feel I need to comment on it to reach a fair and reasonable outcome.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it

DISP 3.5.9R states:

"The ombudsman may:

(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate;

Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Monzo has treated Mr F fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint. I'm sorry to Mr F that I won't be able to share a significant amount of detail. But I would assure him that I've considered everything carefully.

I've considered whether Monzo acted fairly when it closed Mr F's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses 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. But they shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Monzo have relied on the terms and conditions when closing Mr F's account. I've reviewed the terms, and they explain that Monzo can close an account for any reason by giving two months' notice. Here Monzo provided Mr F with the full notice period. So, I'm satisfied that it has complied with this part.

I've then gone on to consider whether Monzo's reasons for closing the account was fair. In doing so, I appreciate that 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.

After considering all the available evidence and circumstances, I haven't seen any evidence that would lead me to conclude Monzo closed Mr F's account for an improper reason.

There's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its commercial discretion. That in turn means it can choose who it has a customer relationship with. This is a decision that I can't interfere with as it is a commercial business decision. So, it was entitled to close the account as it's already done. And I won't be directing Monzo to reopen Mr F's account.

I understand of course why Mr F wants to know the exact reasons behind Monzo's decision to close his account. It can't be pleasant being told you are no longer wanted as a customer. But Monzo doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr F the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr F this information. And it wouldn't be appropriate for me to require it to do so now.

Furthermore, banks and financial business may have information which is confidential for a number of reasons. Monzo said that it wasn't able to share any information which related to its investigation and the account closure due to it being sensitive. I think this is fair and reasonable in the circumstances. As our investigator said this information will have been shared with us and though I appreciate Mr F may find this frustrating, I hope it gives him some reassurance that someone independent has also considered it.

In summary, I recognise how strongly Mr F feels about what's happened. I don't doubt it has been a frustrating and worrying time. So, I realise Mr F will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say Monzo have acted unreasonably and treated Mr F unfairly when it closed his account.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 November 2025.

Sharon Kerrison
Ombudsman