DRN-5791816

The complaint

Mr E complained about the actions taken by Monzo Bank Ltd when it blocked a payment he wanted to make.

What happened

In April 2025, Mr E tried to transfer an amount from his account to pay his credit card. Monzo flagged the payment for further security checks and froze Mr E's account until checks were completed.

Mr E complained to Monzo, saying this was the second time this had happened.

Monzo didn't uphold Mr E's complaint. It told Mr E that it had declined payments when it needed to complete further checks following him logging-in to his account with a new device a week or so earlier.

Mr E brought his complaint to us. Our investigator felt Monzo had responded satisfactorily to Mr E's complaint and didn't think that Monzo needed to do anything further.

Mr E disagreed with the investigator's view and asked for an ombudsman to review his complaint. He mainly pointed to discrepancies in the information that Monzo had provided that had formed the basis of the investigator's view and he felt that further enquiry was needed.

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.

This includes listening to the call recording of Mr E's conversation with the fraud team when the payment he intended to send to his credit card was declined.

Having done so, I've decided not to uphold Mr E's complaint. I'll explain why.

My role is to consider the evidence presented by both parties and reach what I think is an independent, fair and reasonable decision based on the facts of the case. To uphold Mr E's complaint I would have to find that Monzo made an error or acted in a way that wasn't fair and reasonable and this led to Mr E suffering financial loss or some other detriment. So I've looked at what happened with this in mind.

I've briefly summarised and expressed in my own words what seem to me to be Mr E's main concerns and my focus is on what I think are the key issues here. Our rules allow me to do this and this approach simply reflects the informal nature of our service as a free alternative to the courts. Whilst I'm not required to respond on a point-by-point basis to everything that's been mentioned in correspondence, it doesn't mean I haven't considered all the evidence and everything Mr E has said. But where I've got nothing to add to what the investigator has said already or it doesn't change the outcome, it's not necessary for me to comment or refer to everything in the same amount of detail as Mr E. I'm concentrating on whether Monzo shouldn't have blocked Mr E's account and whether Monzo has treated him in a fair and reasonable way overall.

I appreciate Mr E feels strongly that Monzo wasn't entitled to block his credit card repayment – and he doesn't think Monzo's explanation for what happened is credible, bearing in mind:

- its timings appear out of step with what happened, and
- he'd already made another successful payment before this one was declined, and
- he'd previously completed the process for adding a new device to his account.

Thinking first about the declined payment and blocked account, whilst Monzo should carry out customers' lawful instructions, it must balance this against its obligation to protect customers' money and prevent fraud.

Sometimes this can mean a financial business identifies and blocks legitimate payments that a customer wants to make. Understandably, this can cause distress and inconvenience to a customer – but it doesn't automatically follow that the financial business has acted incorrectly or unfairly.

Monzo is required to have processes set up to comply with legal and regulatory obligations aimed at keeping customers' money safe and preventing fraudulent activity on their accounts. How Monzo chooses to operate and its internal processes come under the oversight of the regulator - the Financial Conduct Authority (FCA). So it's not up to me to tell Monzo how it should verify payments or what identification checks it should do – or when.

Monzo's automated fraud prevention system identified the need for a check before Mr E's payment to his credit card could be authorised and temporarily restricted his account access. I've taken into account that Mr E was moving money from his Monzo account to pay his own credit card and I appreciate why he might think this limited scope for fraud by an unauthorised third-party. But the risk of potential fraud is wider than Mr E seems to think. And ultimately Monzo was responsible for deciding whether it could safely approve the transaction. It couldn't simply rely on Mr E approving the proposed payment.

The relevant account terms and conditions, which Mr E would've agreed to in order to be able to use his account, allowed Monzo to take this action in these circumstances.

It makes no difference that Mr E had already passed initial levels of security when he'd logged-in to his account or that he'd made another (larger) payment before attempting this one. Monzo told us the flag was applied automatically by its system controls after he'd made the other payment. This prompted the further verification process.

I've seen a copy of Monzo's system records and I am satisfied that it correctly told Mr E that he needed to complete further security when '...*a new device flag triggered this'*. I appreciate that Mr E may have completed the initial stages of the new device log in process some time earlier - but that doesn't mean all necessary verification steps had been concluded. It looks like this later part of the process wasn't prompted until he was using the new device to make a payment. And whilst it didn't trigger when he made the other payment first, I can appreciate that activating this check might depend on a range of factors. This is all part of Monzo's security process which is confidential and I wouldn't reasonably expect Monzo to share that information with this service or with Mr E. But I am satisfied that there's a reasonable explanation for some of the apparent contradictions that have concerned Mr E.

From what I've seen, the declined payment was approved and the account restrictions were removed when Mr E completed the necessary further verification. So I am satisfied that Monzo's actions were proportionate and fair and reasonable in these circumstances.

There has been some confusion around exact timings of events. But the timings the investigator relied on were based on the information shown in Monzo's electronic system records – and these are as Monzo and the investigator said. The fact they're out of step with Mr E's recollection of events and there's a mismatch with other records he's provided suggests to me that (as Mr E also mentioned) they may be based on a clock in different time zone. In any event, I haven't seen enough to be persuaded that Monzo provided misleading information about this.

Mr E was also unhappy with the way Monzo dealt with his complaint and during our investigation he has kept this service updated on his further enquiries into what happened. But I can't address those further issues within this decision. I can only look at what he originally complained about which Monzo addressed in its final response sent in April 2025. That's because the rules I'm bound by say that Monzo must have had the opportunity to address any issues itself and issue a final response before we can consider them.

It would be up to Mr E to raise any subsequent issues with Monzo and, if he's still unhappy after that, he may be able to raise the complaint to us as a new referral. Although I would just mention here that whilst I can see there was some confusion arising from Monzo's final response and it mistakenly referred to the way Mr E's account was closed, none of this would affect my overall view on this complaint. And how Monzo dealt with Mr E's complaint isn't something we can usually look at on its own – this service doesn't have jurisdiction to look into stand-alone complaints that are just about complaint handling. The industry regulator, the Financial Conduct Authority (FCA), says our service can only look into complaints about regulated activities, and complaint handling isn't a regulated activity. I can only consider the customer service Monzo provided to Mr E – which is what I've done in this decision.

I hope that setting things out as I've done helps explain how I've reached my conclusions.

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 E to accept or reject my decision before 9 October 2025.

Susan Webb
Ombudsman