

The complaint

Mrs S complains that Monzo Bank Ltd (Monzo) closed her account and Flex credit line (Flex) without notice or reason. The deposit paid for her Flex was not given back and used to repay the balance.

What happened

Mrs S had a bank account with Monzo along with Flex. In June 2025 Monzo contacted Mrs S to explain it would be closing her accounts with immediate effect. Monzo transferred any remaining funds in the account to an external account of Mrs S choosing. However, £125 deposit was used to reduce the balance of the credit on Flex, so wasn't returned to Mrs S.

Mrs S made a complaint to Monzo and explained she was vulnerable due to some health issues. Monzo reviewed the complaint and issued its final response. In this it explained it had correctly followed its internal procedures when closing the accounts and it was entitled to do so in line with the terms and conditions of the accounts.

Unhappy with this response Mrs S brought the complaint to our service. One of our investigators reviewed the complaint and issued an answer on it. They said Monzo's terms allow them to terminate the accounts, and they were satisfied Monzo had acted within those terms, as well as its obligations as a bank. They explained Monzo are not obliged to provide Mrs S a reason or details of its review into her account, and the terms allow Monzo to use the Flex account deposit to repay the Flex account. For these reasons they didn't uphold the complaint.

Mrs S disagreed, she explained she was vulnerable at the time, and don't believe her closure was handled in a fair or supportive way. She was not given a reason or a chance to respond or appeal to the closure. The deposit was used just days before her billing cycle, causing financial harm, this all caused emotional distress at a difficult time for her.

Our investigator responded to reiterate some of the points previously made and explain Monzo did consider the vulnerabilities mentioned in the complaint but came to the same outcome. Because there's been no agreement, it's 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.

I'm aware that I've summarised events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mrs S and Monzo has said before reaching my decision.

I would add that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses confidentially 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 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.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, and in some cases go as far as closing customers' accounts.

A bank is entitled to close accounts, just as a customer may close accounts with a bank. But before a bank closes an account, it must do so in a way which complies with the terms and conditions of the account and doesn't discriminate.

The terms of the accounts which Monzo and Mrs S had to comply with, say Monzo can close an account, or stop customers using Flex, without giving notice in certain circumstances. Monzo hasn't provided Mrs S the reason for closing the accounts, but it isn't obliged to. In the circumstances I don't think it would be fair to compel Monzo to provide Mrs S with that reason, so I don't think it's done anything wrong in not doing so. But it has provided the reason and supporting evidence to our service. Having looked at all the information Monzo has provided, which includes information I'm considering as confidential, I'm satisfied it was entitled to close the accounts and stop Mrs S using Flex in the way that it has done.

I've reviewed the terms in relation to the deposit on Flex. This explains if Monzo close the account, and the customer has money in the Flex deposit, then Monzo will use the money in the Flex deposit to repay the balance. I'm satisfied that Monzo has done this in line with the terms and conditions of the account, and in the circumstances, it was fair and reasonable to do so.

I'm sorry to hear about Mrs S health issues, and the vulnerability that this causes. I've seen that Monzo has considered and recorded what she has said about her health. But I'm also satisfied that considering Mrs S vulnerability, the actions taken by Monzo were fair and reasonable in the circumstances of the complaint. I realise Mrs S will be disappointed, and the closure will have caused an impact on her, but I don't find Monzo has made a mistake, so I won't be asking Monzo to do anything further to resolve Mrs S complaint.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 24 October 2025.

Simon Yates
Ombudsman