

The complaint

Mr E complains that Monzo Bank Ltd (Monzo) unfairly closed his account without providing a proper explanation which led to the loss of his overdraft facility and direct debits being cancelled. Mr E is also unhappy with the service he received from Monzo.

What happened

Mr E had an account with Monzo with an agreed overdraft.

In May 2025, Monzo decided to review Mr E's account. Following this on 7 May 2025, Monzo decided to close Mr E's account. Monzo gave Mr E 62 days' notice to make alternative banking arrangements. However, on the same day, Mr E asked Monzo to close his account immediately via Monzo's banking app. Monzo actioned Mr E's request and closed Mr E's account. At the time Mr E's account was just under £1,000 overdrawn.

Mr E contacted Monzo and explained that he hadn't meant to ask for his account to be closed. And that he had simply become lost in the banking app when trying to raise a charge back dispute. Monzo said it couldn't reopen the account and asked Mr E to repay his overdraft.

Mr E complained to Monzo. He said he wanted to carry on banking with Monzo and said that Monzo's decision had a severe impact on him. Mr E said he had to rearrange all the payments that left his account. And he was put to a lot of stress worrying about repaying his overdraft, all of which he said impacted his credit file.

In response, Monzo said that it had reviewed and decided to close Mr E's account in line with the terms and conditions of the account. And wasn't willing to provide Mr E with a further explanation. Monzo said when Mr E had asked them to close his account immediately it had acted on his instructions and in line with the terms and conditions asked Mr E to repay his overdraft.

Monzo accepted its service fell short when Mr E contacted them. And they didn't arrange for him to receive a call from a manager and agreed it could have been clearer with Mr E about what was happening with his account. To put things right Monzo offered Mr E £25 compensation.

Mr E remained unhappy and asked us to investigate his complaint. He wants Monzo to provide a proper explanation about why it closed his account and reopen it. Mr E said Monzo's actions made him feel stressed and anxious. And he now has to repay his overdraft. Mr E said the amount of compensation offered by Monzo is abysmal and doesn't adequately reflect the amount of trouble and upset he's suffered.

After looking at all the information the investigator said that Monzo hadn't treated Mr E unfairly when it had closed his account. They were satisfied that Monzo had sent Mr E a closure notice. And intended to close the account in line with the terms and conditions. But Mr E had told Monzo to close his account immediately, which then led Monzo to ask Mr E to

repay his overdraft. o, they said Monzo didn't have to do anything more to resolve Mr E's complaint.

Mr E disagreed. He wants to know why Monzo closed his account and feels very let down that Monzo haven't explained why it no longer wants him as a customer. He wants more compensation.

Mr E asked for an ombudsman to review things. So, 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.

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. 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 E fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the 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 focused 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. But I have read all Mr E's submissions.

I want to make it clear that I understand why what happened concerned Mr E. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account was going to be closed. But Monzo has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with these responsibilities Monzo will sometimes review accounts and go so far as closing them, which is what happened here.

I've considered the basis for Monzo's review of Mr E's account. Having done so I find this was legitimate and in line with its legal and regulatory obligations. The terms and conditions of the account also make provision for this. So, I'm satisfied Monzo acted fairly by reviewing Mr E's account.

Following its review Monzo decided it no longer wanted to offer Mr E account facilities. As the investigator has already explained, it's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. But before Monzo closes an account, they must do so in a way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions, and they state that Monzo could close Mr E's account by giving at least two months' notice. I've seen the email Monzo sent to Mr E giving him the full notice period, so I'm satisfied Monzo has complied with this part.

I've next gone on to consider whether Monzo's reason for closing the account was fair. In doing so, I appreciate that Monzo are 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. On balance when considering all the relevant considerations and information available to me, I find Monzo had legitimate basis for closing Mr E's account and did so fairly and in line with the terms and conditions of the account.

However, following Monzo's decision to close Mr E's account with the full notice period, Mr E told them by accident via its banking app to close his account immediately. Monzo complied with Mr E's request and closed the account. Mr E says he didn't mean to do this, and it was a mistake on his part after getting confused in the banking app. That may well be the case, but I can't hold Monzo responsible for this – Monzo simply followed Mr E's request. So, I can't say Monzo did anything wrong when it closed Mr E's account immediately.

Another part of Mr E's complaint is that he is unhappy Monzo haven't explained why it no longer wants him as a customer. But Monzo are not obliged to provide Mr E with a full explanation why they made the decision to close his account. I understand of course why Mr E 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 E 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 E this information. And it wouldn't be appropriate for me to require it to do so now.

Mr E says Monzo closing his account immediately caused him significant inconvenience and upset because Monzo asked him to repay his overdraft. The terms and conditions of the account makes clear that overdraft are repayable on demand and when a customer closes their account, any money owed needs to be repaid. And this is what Monzo did.

Mr E says he has been placed under financial pressure having to repay the overdraft. Having considered the rest of the bank's contact notes, I am satisfied that the Monzo did not just ask Mr E to repay what he owed. Monzo was entitled to demand repayment of the full overdraft in this way, and it gave Mr E clear instructions as to how further action could be avoided.

Monzo also acted fairly by agreeing to freeze the interest and charges associated with the overdraft. I can see from Monzo records that Monzo tried to complete an income and expenditure assessment with Mr E on more than one occasion. But Mr E refused. So, the assessment wasn't completed. Banks and building societies should treat customers in financial difficulties positively and sympathetically and I'm satisfied Monzo acted in such a way here by trying to agree a repayment plan and by placing a hold on the account.

Overall, I'm satisfied that Monzo tried on a number of occasions to help and support Mr E and so, I can't fairly ask it to do anything further in the circumstances of this complaint.

I do note that Mr E has said he wants to repay what he owes Monzo. So, Mr E may wish to give them a call to see if they can come to an agreement on a new arrangement based on his current situation.

Finally, Mr E says Monzo didn't arrange a call back from a manager and didn't give him clear information about what was happening with his account. Monzo has accepted that its service fell short of what Mr E could have expected. To put things right Monzo has offered Mr E £25. Mr E says this isn't enough.

It's rarely straightforward to decide what represents an appropriate level of compensation for non-financial loss given its inherently subjective nature. Mr E, and no-one else, experienced these particular problems. I assure him I'm mindful of that.

I know Mr E feels the settlement Monzo has offered overlooks the gravity of their actions and the consequences. But we are an informal dispute resolution service, and our awards may differ to those made in any litigation. Taking everything into account and in light of our general level of awards I'm satisfied the compensation offered by Monzo is fair and reasonable in all the circumstances of this complaint. So, I won't be asking Monzo to increase this amount.

My final decision

Monzo Bank Ltd has already made an offer to pay £25 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Monzo bank Ltd should pay Mr E £25.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 5 March 2026.

Sharon Kerrison
Ombudsman