

The complaint

K is a company. It complains that Monzo Bank Ltd blocked and then closed its account without notice and without providing reasons. It then returned to K only a small amount of the money which had been held in the account.

K has been represented by its director, whom I'll refer to as Mr P.

What happened

K had an account with Monzo. On 12 May 2025 Monzo placed restrictions on K's account while it carried out an investigation into it. On 12 May 2025 it told K that it was closing the account with immediate effect. It asked K to provide details of an account to which it could send the funds which were in the account. At the time of closure, K's account statement indicated that the account was around £9,000 in credit.

Funds were returned to K on 30 June 2025. However, it only received just under £160. Monzo sent the rest of the funds – nearly £9,000 – to HMRC. When Mr P complained on behalf of K, Monzo said it had acted correctly, although it acknowledged there had been a delay in sending the funds, for which it offered £25 compensation.

Mr P did not think that was fair and referred K's complaint to this service. One of our investigators considered what had happened but did not recommend that the complaint be upheld. Mr P did not agree with the investigator's assessment and asked that an ombudsman review the case.

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.

In making its submissions, Monzo asked that some of the evidence and arguments which it submitted be kept confidential and not be disclosed to K or to Mr P. This service can accept evidence in confidence where it considers it appropriate to do so (DISP3.5.9(2)R). Having considered carefully the nature of the evidence in this case, I am satisfied that it is appropriate to accept some of it in confidence.

Banks have various legal and regulatory obligations, some of which are to ensure that the information they hold about their customers is accurate and that they understand what accounts are being used for. In order to meet those obligations, banks may sometimes need to review individual transactions or the wider use of accounts. And in some cases it may be appropriate to restrict or block accounts while a review is carried out.

I am satisfied that Monzo acted appropriately in this case, both in deciding to review K's account and in restricting its use while it did so.

It is generally for banks to decide whether to provide, or to continue to provide, account services to any particular customer. They can exercise their commercial discretion in such

matters and, as long as that discretion is exercised legitimately, this service won't usually intervene. I have considered that issue here and am satisfied that Monzo's decision to block and then to close K's account was a legitimate one. Monzo did not have to tell Mr P exactly why it had decided to close K's account.

Banks should however give reasonable notice before closing an account. What is reasonable depends on the circumstances, but in some cases immediate closure may be appropriate. In this case, I agree with the investigator that it was reasonable of the bank to close K's account with immediate effect, in line with the account terms.

Finally, I note that Mr P says that funds should not have been sent to HMRC. It is not for me to say whether K owed money to HMRC, but it seems to me that, if Mr P believes it has received funds it should not have received, then he should take that up directly.

My final decision

For these reasons, my final decision is that I do not uphold K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 25 February 2026.

Mike Ingram
Ombudsman