

The complaint

Mr G complains on behalf of 'M', a limited company, that Monzo Bank Ltd ('Monzo') closed M's business account without explanation.

What happened

M had a business account with Monzo. Mr G also had personal accounts with Monzo and I'm aware he has complained about the closure of those accounts, but this decision is focused on the closure of M's business account.

In March 2025, Monzo asked Mr G for proof of entitlement for a payment that had been received into M's account in January 2025 and for details about the way M advertised its services and acquired new clients. Mr G explained that M advertised its services on its website. Mr G added that he acquired new clients through referrals and he provided an invoice that he explained related to the payment Monzo had asked him about.

Monzo subsequently closed M's account in March 2025, with immediate notice. Mr G complained to Monzo about its decision to close M's account. Monzo provided its final response to the complaint and explained it had made a commercial decision to close M's account in line with the account terms and wouldn't be able to provide further information or reasoning behind its decision.

Mr G referred M's complaint to our service. He explained the closure caused a significant impact on M financially and affected its ability to generate income.

One of our Investigators looked into things and didn't uphold M's complaint. In summary, they said:

- In the same way that a customer could choose to change its account provider without providing a reason, Monzo was entitled to decide who it wanted to have as a customer and on what terms
- We'd asked Monzo to provide evidence to explain its reason for closing M's account
- The evidence Monzo provided was reviewed and based on this, Monzo had acted in line with the account terms when closing the account
- Monzo didn't have to provide the reason for its decision to close the account to Mr G

Mr G didn't agree and provided a detailed response, including that Mr G felt there was inequity between the power banks have to close accounts, in comparison to a customer and the choice they have to bank elsewhere. Mr G referred to law and principles he considered should be taken into account when reviewing the actions Monzo took.

As no agreement could be reached, the matter has been passed 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.

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, or in some cases go as far as closing, customers' accounts.

I've considered whether Monzo acted fairly when it closed M's account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to a particular customer.

The terms and conditions of the account that M and Monzo had to comply with, say that Monzo could close the account by giving M at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Monzo has shared information about why it decided to close M's account with us. Having looked at the information given to me by Monzo, I'm satisfied it was entitled to close the account in the way it did and acted fairly when doing so.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo has provided is information that I consider should be kept confidential.

I understand Mr G would like to know the exact reason for Monzo's decision to close M's account. But Monzo isn't obliged to share this information with Mr G. So, I can't say Monzo did anything wrong in not providing this information to Mr G.

I note in response to the Investigator's review, Mr G has explained he feels comparing a bank closing an account to a customer choosing to leave isn't a fair comparison. He considers customers are vulnerable and Monzo's actions should be viewed with this in mind.

I've thought carefully about Mr G's points, and I must highlight that when reviewing complaints this service considers a wide range of sources – this includes the law, regulatory guidance and good industry practice. I can assure Mr G that our approach to cases of this nature factors in these various sources and issues.

In addition, it is the role of the Financial Ombudsman Service to resolve individual complaints and to award redress where appropriate. We do not perform the role of the industry regulator, and it is not our role to comment on how businesses conduct their operations. That's the role of the regulator, the Financial Conduct Authority (FCA).

Taking everything into consideration, I am satisfied Monzo has acted appropriately in the specific circumstances of M's case - so I won't be directing Monzo to do anything to put things right.

My final decision

For the reasons above, I have decided to not uphold this complaint.

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

Khadijah Nakhuda
Ombudsman