

The complaint

Mr E is unhappy Monzo Bank Ltd stopped him from making a payment and then restricted and closed his account.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mr E held a Monzo account and on 16 August 2025 Mr E tried to make a payment of £20,000. This payment was flagged by Monzo, and it restricted the account. Monzo contacted Mr E to ask for details of the payment and supporting information. Following its review Monzo made the decision to close the account. Monzo issued a notice to close on 21 August 2025. It provided Mr E with the full notice, as outlined in the account terms, so he could make alternative arrangements. Mr E's account would close on 22 October 2025.

Mr E raised a formal complaint about Monzo's decision. Mr E says that direct debits weren't paid as the account was restricted between 16 August 2025 and 21 August 2025. Mr E says this impacted his credit file, and he said Monzo had treated him unfairly and discriminated against him.

In its final response letter dated 1 September 2025 Monzo said that the account was reviewed to ensure it meets its regulatory duties and it flagged the payment to ensure it was legitimate. This is to protect customers, and some further evidence may be requested if needed. Monzo also said it hadn't treated Mr E in a discriminatory way and it was committed to treating all customers fairly. Monzo confirmed the account would still close, and that it did take longer than needed to review the account. Monzo offered Mr E £20 in recognition of this delay.

Unhappy with Monzo's response Mr E referred his complaint to our service. In his complaint Mr E highlighted the impact Monzo's decision had on him, and he reiterated his concerns that he had been discriminated against. To put things right Mr E asked for Monzo to recognise the impact its actions had on him mentally and financially.

An Investigator reviewed Mr E's complaint, and in summary, made the following findings:

- Monzo is under no obligation to continue offering Mr E an account as this is a commercial decision it is able to make.
- Monzo provided Mr E with the relevant closure notice as per the account terms.
- Although the account was blocked, there hasn't been a direct adverse impact on Mr E's credit file. Monzo doesn't need to take any action to amend this.
- There isn't any evidence to suggest Mr E has been discriminated against.
- The £20 offer from Monzo is fair in light of the delay Mr E experienced.
- Monzo's questions to Mr E were not intended to cause offence, but necessary as Monzo wished to ensure Mr E was not the victim of scam.

Mr E remained unhappy and maintained Monzo had acted unfairly and had failed to properly respond to his complaint and provide adequate evidence to support its decision.

As no agreement could be reached, the case has been referred to me – an ombudsman – for a final decision.

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.

Firstly, I am sorry to see Mr E has had cause for complaint. I can see he has found Monzo's actions highly unacceptable. Mr E has made detailed submissions, and I'd like to reassure Mr E that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

The crux of Mr E's complaint is that Monzo unfairly closed his account. Monzo has legal and regulatory obligations to be alert to instances of fraud and scams. And to act in their customer's best interests. If they have good grounds to suspect that one of their customer's is in the process of being scammed or unwittingly allowing their accounts to be used for financial crime, they can refuse to process payments and restrict an account to protect them. The terms and conditions of the account also permit them to do so.

I've looked at all the evidence Monzo has provided and what Mr E has said about how he was using his account. I believe the decisions Monzo took, were made in good faith and in an effort to protect Mr E against losing his money to a potential scam. So I don't think it was wrong of Monzo to block the payment and suspend Mr E's account.

A significant part of Mr E's complaint is that Monzo hasn't shared its reasons for closing the account and its rationale for making this decision. Monzo isn't under an obligation to provide specific details to Mr E of how it reached its decision and the factors that influenced it. Ultimately Monzo is 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. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. Based on the evidence provided by Monzo I am satisfied it has reached this decision fairly, taking into account its risk guidance and regulatory considerations.

Mr E has also raised general points about how Monzo has handled his account and questions whether its actions are in keeping with recent regulatory and government guidance. It is the role of the Financial Ombudsman Service is 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). So I've thought about Mr E's comments in relation to his complaint, and I can't say Monzo has acted contrary to the guidelines in place and his wider concerns aren't something this service can comment on in the detail he would like.

Mr E says Monzo treated him differently due to his ethnicity. While I can appreciate this Mr E's perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr E has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that Monzo treated Mr E, unfairly.

While I appreciate how Monzo restricting the account and then closing it may have made Mr M feel, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Monzo would have treated another customer with similar circumstances any differently than Mr M. Its overall intention appears to have been to safeguard and protect the account. The information I've seen shows Monzo has based its decision on legal and regulatory factors. So, I can't say Monzo treated Mr E unfairly because of his ethnicity.

Monzo has accepted that when it blocked the account and carried out a review there was some delay. It has offered Mr E £20 in recognition of this. Mr E doesn't wish to accept this amount and believes it fails to reflect the issues he has experienced. I have considered the timeline of events and the impact the delay had on Mr E, and I consider this offer to be fair and in keeping with this service's approach to compensation. I say this because the account was unblocked after a few days, and although Mr E says he was unable to pay bills and direct debits failed, I haven't seen evidence of this within Mr E's statements. Following the removal of the block Mr E was able to transact on the account as normal until he made alternative arrangements. I therefore consider the impact on Mr E to be minimal, and I don't think Monzo needs to take further steps to compensate Mr E for these issues.

Part of Mr E's complaint is the closure impacted his credit file and ability to obtain accounts elsewhere. Monzo has confirmed it has not recorded any adverse information against Mr E's credit file, and its decision to close his account should not impact his ability to have accounts elsewhere.

I know this will not be the outcome Mr E was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Monzo to take any further action.

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 25 December 2025.

Chandni Green
Ombudsman