

The complaint

Miss L complains Monzo Bank Ltd (“Monzo”) closed her accounts without explanation. Miss L adds that at the time she was recovering from critical surgery due to a serious medical condition and so couldn’t deal with, and challenge, Monzo’s decision.

Miss L says Monzo’s actions caused her significant distress and inconvenience as her regular payments weren’t paid, and she couldn’t receive her salary. Miss L adds this led to her getting adverse credit markers including a default for her arranged overdraft with Monzo.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

Following an internal review, Monzo gave Miss L 62 days’ notice of its intention to close her accounts in April 2025. After the accounts were closed in June 2025, Monzo initiated its collection processes as Miss L had not repaid her arranged overdraft. Monzo later applied a default marker against Miss L for this debt saying she didn’t contact it to make repayment plans.

Unhappy with Monzo, Miss L complained. Monzo didn’t uphold Miss L’s complaint. In short, Monzo said it couldn’t reverse the decision to close the accounts in lieu of the medical circumstances Miss L presented. Monzo said it had acted in line with the terms and conditions of the accounts.

Miss L referred her complaint to this service. One of our Investigator’s looked into Miss L’s complaint, and they recommended it wasn’t upheld. In summary, the key points they made were:

- Monzo acted in line with the terms of the accounts when deciding to close them, and it doesn’t have to share its explanation with Miss L
- Monzo provided Miss L with 62 days’ notice of her account closure. The closure notice was sent to Miss L in April 2025 by email and it was clearly confirmed the account would be closed in June 2025. Miss L was also sent push notices through the Monzo App on 8, 22 and 29 May 2025 to remind her of the scheduled closure of her account. Confirmation of the closure was sent to Miss L in June 2025 by email
- They considered everything Miss L said about her surgery and recovery and how this impacted her and whether it amounted to an exceptional circumstance. But the chat logs with Monzo show Miss L made contact in April 2025 to speak to someone about the closures. Miss L didn’t however take the opportunity to make Monzo aware of her surgery and its impact upon her. So, despite Miss L saying she needed support from friends and family to make calls, its clear she was able to chat online. Miss L therefore could have discussed her health with Monzo

- As Miss L knew about the closures, and was contacting Monzo, she could have made alternative banking arrangements
- Monzo did provide Miss L with guidance on how to repay any outstanding debts after the accounts were closed. If Miss L feels Monzo have acted unfairly by applying the default, she will need to raise this with Monzo in the first instance

Miss L didn't agree with what our Investigator said. Some of the key points she made were:

- After closing her account, Monzo failed to provide practical arrangements or information for Miss L to repay her overdraft and credit card balances. And only did so after she made a complaint
- Miss L did contact Monzo in the App but didn't get a response. And as she was unwell and recovering from surgery, she didn't chase this up. Her accounts were then closed without any follow up or repayment instructions. So Monzo failed to treat her fairly
- Miss L's diagnosis and surgery made her a 'vulnerable' customer at the time. Firms are expected to take reasonable steps to identify and support customers who may be vulnerable even if this isn't disclosed by the customer

As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

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 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 Miss L and Monzo have said before reaching my decision.

Please note I will not be considering Miss L's complaint point about the default marker being added fairly and correct process being followed in relation to this. That's because our Investigator made it clear Miss L needed to complain separately about this.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to not uphold this complaint. I'll explain why.

Banks in the UK, like Monzo, 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.

Monzo has explained and provided supporting evidence as to why it reviewed Miss L's accounts. Having considered this, I'm satisfied it acted in line with its obligations.

Monzo is entitled to close an account just as a customer may close an account with it. But

before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Monzo and Miss L had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Monzo has provided evidence that it provided Miss L with 62 days' - the equivalent of two months - notice to close her accounts. The in-App chat shows Miss L was aware of this in April 2025. Miss L was also given unrestricted access to Monzo's banking services during the notice period. So, I'm satisfied there wasn't any information failing on Monzo's part in communicating its decision to close the accounts.

Monzo has provided this service with an explanation and supporting evidence for why it decided to close Miss L's accounts in the way it did. Having carefully considered this, I'm satisfied Monzo acted in line with its terms and condition when doing so. I know Miss L wants a detailed explanation, but Monzo is under no obligation to do 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 I consider should be kept confidential.

This brings me onto whether Monzo acted fairly in closing the accounts and asking for the debts to be repaid given Miss L's surgery and illness at the time. Miss L says she was effectively incapacitated at the time and therefore unable to deal with the account closures and make alternative banking arrangements. She says that in not making any adjustments and failing to pick up on her vulnerability, Monzo failed to meet FCA (Financial Conduct Authority) principles around treating customers fairly and in dealing with vulnerable customers.

Monzo has shown it held no vulnerable customer information about Miss L on its systems. And Miss L has said that she wasn't able to tell Monzo about her health, but this is still something Monzo should have picked up on.

Miss L's Monzo bank statements show she was able to effect online payments and make payments to a variety of retailers through April 2025 until the account was closed in June 2025. I have also seen that Miss L contacted Monzo in the banking App in early April 2025 to question the closure of her accounts. Taken together, I'm persuaded that Miss L wasn't incapacitated to the extent she couldn't have informed Monzo of her health situation for it to consider making some adjustments for her repayment of the debts she owed. So, I don't think Monzo did anything wrong here. Monzo after all can't provide support it doesn't know it needs to. Particularly, where a customer that can communicate with it fails to do so.

As I don't think Monzo did anything wrong in relation to the closure of the accounts and asking Miss L to repay her debts, I see no basis in which to award Miss L any compensation for the distress, inconvenience, and poor credit she has suffered.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 20 January 2026.

Ketan Nagla
Ombudsman