

The complaint

W, a limited company, is unhappy that Monzo Bank Ltd, closed its account without notice.

What happened

On 26 December 2024 Monzo closed W's account without notice. It requested information from W in order to return the funds in the account to W. As it didn't do this until around one month after it received an alternative account to make the payment to it offered W £100 in compensation to acknowledge the inconvenience caused.

W was unhappy with the decision to close the account. It said this decision had a significant impact on its business operations over a busy period and it suffered significant financial loss as a result.

W brought the complaint to our service and Monzo increased its offer of compensation to £150 and offered to pay 8% interest on the balance for the period it withheld the funds in W's account. Our investigator considered the complaint. Overall they thought this offer was fair but W didn't accept their findings so the compensation offered wasn't paid and the complaint was passed to me to consider.

I considered the complaint and issued my provisional decision on 4 February 2026. I said that:

Has Monzo acted fairly in closing W's account without notice

UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations.

Monzo has provided this service with information about why it decided to close W's account. Our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security or commercially sensitive information. Some of the evidence Monzo has provided is information that we consider should be kept confidential. This means I haven't been able to share a lot of detail with W, but I'd like to reassure it that I have considered everything carefully.

In reviewing Monzo's decision to close the account, I appreciate it's entitled to set its own policies and part of that will form its 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.

After considering all the available evidence and information, I haven't seen evidence to show Monzo closed W's account for an improper reason. Monzo can only close accounts immediately in certain circumstances and if it's in the terms and conditions of the account.

And it has relied on the terms and conditions when closing W's accounts and, it has provided supporting evidence to show why the terms and conditions it's relied on are applicable in this case. Having reviewed this information, I'm satisfied it has acted fairly in closing W's account without notice.

So, although I appreciate the account closing will have inconvenienced W, and may well have caused the significant financial losses its described, there's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its discretion.

Should Monzo have returned the funds sooner

It isn't in dispute that Monzo caused delays when returning the funds in the account to W. And as the investigator has confirmed, Monzo has offered compensation in acknowledgment of this. But, it doesn't follow that I must award W compensation.

After considering all the circumstances of this complaint, including the evidence the service has received from Monzo in confidence, I don't consider it would be fair or appropriate for me to award any compensation in this case. So, I'm not requiring Monzo to compensate W for any losses experienced as a result of a potential delay in accessing its money and make no award in this case.

W didn't accept my provisional decision, Monzo did.

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've considered W's response to my provisional decision carefully, but I don't think it has provided any additional information I haven't already considered or taken into account. I understand the sudden closure of the account, as well as the withholding of funds, caused W inconvenience and impeded its business operations.

But, based on the evidence I've received in confidence and reviewed carefully, I don't think Monzo has acted unfairly or unreasonably here. So my decision remains unchanged and I don't think any compensation is due in this case.

In response to the provisional decision W has stated that it has never received the compensation offered by Monzo in relation to this complaint. As I've outlined, the investigator confirmed the offer and that they believed it was a fair resolution to the complaint, but W didn't accept this. As W didn't accept the offer, it hadn't been paid and the complaint was passed to me for review.

In my review of the complaint I've concluded Monzo doesn't need to pay any compensation and I haven't directed it to make any award. W is free to contact Monzo separately to see if it is willing to honour any previous offers but our service hasn't required it to do so.

My final decision

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 11 March 2026.

Faye Brownhill
Ombudsman