

The complaint

Mrs M complains that Monzo Bank Ltd didn't offer her an account after she applied to open an account.

What happened

In March 2023, Mrs M applied online to open a Monzo account. Monzo reviewed the application and decided it couldn't offer Mrs M an account.

Mrs M contacted Monzo and asked it to review its decision. She told Monzo that she has an excellent credit score, has a mortgage, is working and paying in a reasonable amount of money each month to her bank account. So, she said she can't understand why Monzo didn't want to offer her an account. Monzo reviewed Mrs M application again but said it still didn't want to offer Mrs M an account.

Mrs M complained to Monzo and asked it to provide an explanation why it didn't want her as a customer. Monzo said it didn't have to provide her with a reason and hadn't done anything wrong when it declined Mrs M's application.

Unhappy with Monzo's response, Mrs M brought her complaint to our service where one of our investigator's looked into what happened. The investigator said that based on the limited information that Monzo had provided, she couldn't say the bank had treated Mrs M fairly when it had decided not to offer her an account. So, she said that Monzo should pay Mrs M £100 compensation for the trouble and upset this had caused her.

Monzo didn't respond. So, the investigator followed things up and asked it to provide more information about Mrs M application, its account opening processes and why it had declined Mrs M's application. In response, it said that it wasn't obliged to offer Mrs M an account, and that it had declined the application because Mrs M hadn't satisfied one of its control checks. And it sent us a list of the things Monzo checks when considering any application.

The investigator looked at the information and said Monzo still hadn't provided us with enough information. So, she remained of the view that Monzo hadn't treated Mrs M fairly.

As no agreement could be reached the matter has come 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.

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 we considered should be kept confidential. This means I

haven't been able to share a lot of detail with Mrs M, but I'd like to reassure her that I have considered everything.

In response to the investigator's view, Monzo has said it is not obliged to offer an account to a customer and it has its own control processes for reviewing all account applications. Monzo is correct that a bank can make its own decisions about whether or not to accept someone as a customer. And it doesn't have to give reasons. It has explained that Mrs M's account application failed to pass one of the checks it uses to assess each application. And it has provided a copy of the check list setting out what it considers when it receives an application which included amongst other things checks on addresses and identification. However, despite being asked by the investigator Monzo hasn't sufficiently explained why Mrs M failing one of the particular checks meant it wasn't able to proceed with her application.

I appreciate that Monzo are 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. Our service doesn't have the powers to tell a business to change their processes and procedures. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

Monzo needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, Monzo has failed to provide sufficient information about why the check Mrs M failed presented a risk to the bank if it had proceeded with her application. I also can't see that Monzo asked Mrs M any questions that may have explained things and alleviated any concerns that their check list highlighted.

So, in this particular case, because of the lack of information I can't be satisfied that Monzo has treated Mrs M fairly when it declined her account application. Mrs M says she was very upset when Monzo rejected her application. And she spent time trying to find out what (if anything) she had done wrong. She also took the trouble to submit further information to the bank so that it could review her application again. So, taking this into account, I agree with the investigator that Monzo should pay Mrs M compensation £100 for the trouble and upset this matter caused her.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right Monzo Bank Ltd should pay Mrs M £100 compensation for unfairly rejecting Mrs M's account application.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 December 2023.

Sharon Kerrison
Ombudsman