

The complaint

Mr V complains that his Monese account was blocked, and then closed. He says he lost out on an offer because of this. Monese is an agent of Prepay Technologies Limited, but I shall refer to Monese throughout this decision.

What happened

Mr V opened an electronic money account with Monese in 2019, but there was no activity on the account. In May 2021 Monese restricted the account because of the inactivity.

In June 2022 Mr V contacted Monese to ask about the account. Monese responded to say the account had been inactive, so it was blocked for security. They said reopening it may take a while, as they would need to carry out additional checks. A month later they asked Mr V for further information, such as proof of identity and address, to be able to reactivate the account. Mr V supplied information, but ultimately Monese declined to reactivate it and closed the account.

Unhappy with this decision and delays in getting responses from Monese, Mr V raised a complaint. Monese responded to say they had closed his account in line with their terms and conditions. They said the checks they need to go through are thorough and can take some time. But they accepted their customer service could have been better, and questions asked by Mr V could have been answered more swiftly, and they apologised for this. Mr V referred his complaint to our service.

One of our investigators looked into what happened. They said Monese had the right to review accounts but couldn't conclude that the decision to close his account was fair. They also thought there was inconvenience caused by not responding to Mr V's queries. They couldn't conclude that Mr V would have benefited from the cashback offer, but they suggested Monese pay Mr V £100 compensation.

This was accepted by Mr V, but Monese rejected this outcome. As no agreement could be reached the complaint was passed to me to decide. After review I issued my provisional decision which said:

The investigator is right to say that Monese, like all financial regulated firms in the UK, have legal and regulatory obligations to meet when providing accounts to customers. These obligations include making sure they have up-to-date details to help identify and better serve their consumers. They also have a responsibility to keep accounts secure.

In this case Monese has said because of the lack of activity on Mr V's account it was restricted in May 2021. From the statements I can see the account was never used, and never held a balance. There's a single fee charged from when the account was opened, but that's it. So, it's reasonable for them to deactivate the account.

When Mr V got back in touch to discuss the account it had been inactive for over a year. In the circumstances it's reasonable for Monese to ask for further information from Mr V. The

last update to the details on the account was when it opened in 2019, so updated information is a reasonable thing to ask for.

I can see after Mr V submitted his information Monese reviewed it in good time. They requested further information from him, which once submitted was reviewed in a reasonable time. Ultimately, they decided they didn't wish to continue providing an account to Mr V. Monese aren't under any specific obligation to explain their reasons for closing an account, and in this case, they've declined to do so. I've considered the reasoning provided to our service, and on balance I'm persuaded that the decision to close Mr V's account was a legitimate commercial decision they were entitled to make. I don't see that this was an unreasonable decision on their part.

I appreciate Mr V will find this disappointing. But electronic money institutions, such as Monese, aren't required to provide electronic money services to everyone. They can ultimately choose who they want as their customers, just as their customers can choose to use a different service.

I've considered whether Monese should have provided two months' notice. But ultimately as the account had never been used or held a balance, I don't see that Mr V would have been in any different position. So, I'm satisfied the immediate closure was reasonable.

Having reviewed the correspondence between Monese and Mr V though, I agree there are times where the service he received fell short of what I'd expect. The responses to his questions are not prompt, and it takes several weeks before they begin to ask him for information to allow them to carry out their checks – although they did acknowledge early on it may take a while. But I can see why he'd be frustrated by the process. But in their response to his complaint Monese apologised for this. Taking everything into account, I think that's an appropriate response.

I wasn't minded to ask Monese to do anything further. Monese responded to say that they had nothing further to add. Mr V responded to say he rejected my finding, and that the inconvenience he suffered hasn't been taken into consideration. He also said the provisional decision hadn't mentioned Monese not responding to him when he'd asked if they'd recorded a marker with the fraud prevention agency CIFAS.

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.

Having done so, I remain satisfied with the reasoning and conclusions reached in the provisional decision. As there was a lack of activity on the account, I'm satisfied that Monese were reasonable to restrict it. And when Mr V wanted to make use of the account again, it wasn't unreasonable to ask for updated details.

The review of the new identification was dealt with promptly once it began, and Monese came to the decision they didn't wish to provide an account to Mr V. I'm persuaded that this decision wasn't unreasonable, and something Monese were entitled to make. So, I wouldn't take in to account any inconvenience that flows from this reasonable course of action.

I've noted what Mr V has said in response to my provisional decision. I've agreed the responses to his queries to Monese weren't timely. There is inconvenience there but considering the impact on Mr M I see the apology provided as the appropriate response.

The issue of Mr M asking Monese whether a CIFAS marker had been recorded came up

after the complaint was referred to us. As the investigator has explained, this issue would need to be referred to Monese in the first instance before our service can comment on it.

My final decision

My final decision is that Prepay Technologies Limited do not need to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 30 November 2023.

Thom Bennett
Ombudsman