

Monzo Bank Ltd

From: Colin Garland
*Director, Remedies, Business and
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Monzo Bank's breach of the Retail Banking Market Investigation Order 2017 in relation to the Monthly Maximum Charge

I am writing to you on behalf of the Competition and Markets Authority (CMA) concerning one breach by Monzo Bank of Part 7 of the [Retail Banking Market Investigation Order 2017](#) (the 'Order'). This requires banks and building societies to specify, for each Personal Current Account (PCA) product that they offer, the maximum Relevant Charges that could accrue in relation to that PCA in any month, as a result of exceeding or attempting to exceed a Pre-agreed credit limit on the PCA. This is known as the Monthly Maximum Charge (MMC).

The breach

Monzo Bank breached Article 29.1 of the Order, which requires the MMC to be disclosed each time information relating to the Relevant Charges is disclosed, and no less prominently than the presentation of that information. Monzo Bank failed to disclose the MMC next to the Relevant Charges in its Fee Information document. The breach occurred between 25 October 2018 and 19 November 2021.

The CMA's concerns

The requirement for current account providers to disclose the MMC is an important element of our reforms following the [Market Investigation](#). This measure, in combination with other parts of our reforms, was designed to make it easier for consumers to be aware of the charges they may be liable to pay and compare this information easily against other PCA providers. The CMA is concerned that Monzo Bank's PCA customers may not have seen the MMC, since it was not displayed each

time information on Monzo Bank's fees and charges for exceeding a pre-agreed credit limit was disclosed. Monzo Bank's current MMC is £15.50.

The CMA is also concerned that Monzo Bank's Internal Audit Report failed to identify that Monzo Bank's Fee Information document was non-compliant with the Order.

Monzo Bank has taken action to put things right

I note that Monzo Bank has taken steps to end the breach and prevent a recurrence. Monzo Bank has:

- Updated its Fee Information document to be compliant with the Order since 19 November 2021.
- Implemented a new procedure whereby its Terms and Conditions are subject to an internal annual audit legal review to confirm compliance with the Order.
- Strengthened its product governance to improve awareness of all regulatory obligations.
- Expanded its risk management and compliance teams to provide greater support to the business in these areas.
- Ensured that the Terms and Conditions, including the Fee Information document, are changed in line with Monzo Bank's full governance process.

CMA assessment and next steps

Given the action already being taken by Monzo Bank, the CMA does not consider it appropriate to take further formal enforcement action in relation to this breach at present. The CMA will monitor Monzo Bank's future compliance closely.

Yours sincerely,

Colin Garland

Director, Remedies, Business and Financial Analysis