

The complaint

Mr J complains about Monzo Bank Ltd and their failure to set his account's withdrawal limit back to the agreed amount after he'd requested a one-off limit increase.

What happened

Mr J held an account with Monzo. In February 2020, Mr J asked Monzo to set his daily cash withdrawal limit at £100 due to the gambling addiction he was suffering with at the time. Monzo agreed to this request and the £100 limit was set. But Mr J was still able to request one-off daily limit increases should he need urgent access to larger amounts of cash.

And Mr J did this in September 2020. But when Monzo reset the withdrawal limit, they reset it at £150 rather than the £100 that had been agreed in February 2020. Mr J made use of this additional £50 on several occasions between September 2020 and May 2021, using it to fund his gambling addiction. Mr J was unhappy Monzo had allowed him to do this, so he raised a complaint.

Mr J thought Monzo's error had caused him to gamble over £1000 more than he would've been able to, had the correct withdrawal limit been place. He thought Monzo had been made reasonably aware of his gambling addiction and should've done more to ensure his limit was reset to the agreed amount. So, he thought Monzo should refund him the entire additional amount he was able to withdraw and gamble.

Monzo responded and upheld the complaint. They agreed they'd made an error when resetting the withdrawal limit at £150, rather than £100. And they calculated Mr J had been able to withdraw an additional £1,170 more than he would've been, had the limit been set correctly. But they also thought it was Mr J's own decision to make use of the additional limit. So, with this in mind, they offered to refund Mr J 50% of the additional amount he'd withdrawn, totalling £585. Mr J remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. She recognised it was accepted by both parties that Monzo had made an error. But she thought the £585 Monzo offered was fair. She explained Monzo had made Mr J aware on several occasions the limit would be set back to £150 and she'd seen no evidence to show Mr J had corrected this when he should've been reasonably aware it was incorrect. And she also noted Mr J didn't make Monzo aware of the error for over six months. So, she thought Monzo's offer fairly recognised the fact more could've been done by Mr J to mitigate the situation.

Mr J didn't agree. He didn't think our investigator had placed enough emphasis on the fact he was suffering from a gambling addiction. He explained at the time Monzo reset his withdrawal limit and made him aware it had been reset at £150, he paid no attention to the information provided as he was focused on pushing through the request as quickly as possible. Mr J also thought Monzo should've realised he was still suffering with the addiction due to the gambling transactions shown on his statements and this should've prompted them to do more. For these reasons, Mr J maintained his belief the full amount should be refunded to him. As Mr J didn't agree, the complaint has been passed to me for a decision.

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'm not upholding the complaint for broadly the same reasons as the investigator. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr J. I recognise Mr J was struggling with a gambling addiction at the time and he's been significantly financially impacted by this. I also appreciate Mr J took steps to limit his ability to gamble, and so protect himself financially, by setting a withdrawal limit with Monzo. And when he realised this hadn't been enforced correctly, I can understand why Mr J would be left unhappy and feel as though Monzo are to blame for part of the financial difficulty he now faces.

Monzo have already accepted they made an error when resetting the withdrawal limit. So, this isn't in dispute and I don't intend to discuss this any further. What is in dispute is the actions Monzo should take to put things right.

Monzo feel their offer of a refund totalling £585 is fair. But Mr J thinks Monzo should refund him the entire additional amount he was able to withdraw and gamble. So, my decision focuses whether I think the offer Monzo have made is fair. And in this situation, I think it is.

I don't dispute Mr J's point that, if the limit had been reduced to £100 as it should've been, he wouldn't have been able to withdraw the £1,170 from his account which he used to gamble. So, I understand why he thinks all of this should be refunded to him.

But having looked through Mr J's chats with Monzo when he asked them to increase his daily limit in September 2020, I can see Mr J was told twice the limit would be reduced back to £150 and I can't see that Mr J disputed this.

And in October 2020, on two separate occasions Monzo again explained to Mr J his withdrawal limit would be reduced back to £150 the day after it had been increased on his request. Again, Mr J didn't dispute that. And in the first conversation in October, I've seen Mr J himself stated "Yeah 400 today back to 150 tomorrow" which referred to the limits on the account.

So, I think Mr J had opportunities to mitigate the situation by making Monzo aware they were reducing the withdrawal limit down to the incorrect amount. And I'm satisfied he was aware this was the case as in October, he himself referred to the £150 limit and stated Monzo should reduce it to this when he would've been reasonably aware he'd asked for this to be set at £100 earlier in the year.

I recognise Mr J was suffering with a gambling addiction at the time. And I do appreciate this is likely to have impaired his judgement surrounding his finances and his access to funds. But despite this, I still think Mr J had a responsibility to ensure his accounts were being maintained correctly. And in this situation, I can't see that Mr J attempted to make Monzo aware of their error until May 2021, when I think Mr J should've been aware by, at the very latest, October 2020. So, I don't think it would be fair for me to say Monzo are solely responsible for all of the losses Mr J has incurred when withdrawing additional amounts from his account during this time.

So, having considered all of the above, I think the £585 refund Monzo have offered is reasonable and in line with what I would've direct had it not already been made. I think it fairly addresses the error Monzo made and the impact this had on Mr J whilst also taking into consideration the opportunities Mr J was provided to make Monzo aware of this error earlier than May 2021. And because of this, I don't think Monzo need to do anything more.

I understand this isn't the outcome Mr J was hoping for. I want to reassure Mr J I've considered his comments about considering the full impact of his gambling addiction and how this impaired his judgement at the time. And I hope my decision explains why, despite this, I think the offer Monzo had made is fair given the circumstances.

My final decision

For the reasons outlined above, I don't uphold Mr J's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 February 2022.

Josh Haskey
Ombudsman