The complaint

Mr A complains that Monzo Bank Ltd ("Monzo") applied a default against his bank account. He says they didn't attempt to contact him to discuss this.

What happened

The facts of this complaint are well known to both parties. So, I won't go into much detail about the background but will summarise the key points leading to Mr A's complaint. Mr A closed his bank account with Monzo but, prior to this, a transaction took place which Mr A disputed so he received a refund from Monzo as well as the retailer. This meant Mr A was refunded twice. Monzo then claimed their refund back but this placed Mr A's account in overdraft. As Mr A didn't repay the overdraft, they defaulted the account.

Mr A complained to Monzo and they said they had given Mr A notice of the overdraft and the need to repay this. They said, despite emails and messages being sent to Mr A, the overdraft wasn't repaid so they defaulted the account.

Our investigator looked into things for Mr A. She thought Monzo hadn't acted unfairly in defaulting the account. Mr A disagreed so the matter has come 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've decided not to uphold the complaint. I understand Mr A will be disappointed by this but I'll explain why I have made this decision.

It's important that financial businesses report accurate factual information about customer's to Credit Reference Agencies ("CRAs"). Guidelines issued by the Information Commissioner's Office state that any data reported on a credit file must be fair, accurate, complete and up to date. I've looked at Monzo's website and note the Privacy Policy explains that they share information with CRAs. So, I don't think it was unreasonable for Monzo to share information with the CRAs.

The next point I've considered is whether the information shared was accurate. Monzo have provided Mr A's bank statements. This shows a transaction going out for the sum of £95.36. Monzo say they then refunded this on the basis Mr A said it was an unrecognised transaction and the retailer then also refunded the same amount – Mr A's bank statements show Monzo refunded this in April 2020 and the retailer refunded it in May.
Mr A's account was then closed on 3 June with the account being brought to a zero balance. Monzo then sent a message on 11 June to Mr A saying he'd received two refunds for a payment made to a retailer. Monzo said this means they would need to take back the refund they gave. They said, to give Mr A some time to plan for this, they would be taking the £95.36 in two weeks. The message says "*Please make sure you have enough money in your account to cover this. If you don't, you'll end up overdrawn, whether you have an arranged overdraft or not.*"

I note Mr A says he didn’t receive any communication from Monzo, but this message was sent through the in-app chat, and Monzo have provided evidence which shows that Mr A still had access to this as he used this facility to message Monzo on 20 June, 1 and 3 July. The refund was then taken back on 28 August and this brought Mr A’s account into overdraft. Monzo say, this is later than the two-week timescale they set out in their message as this provided additional time for Mr A to make arrangements for the payment.

Monzo have provided information which shows that a chaser email was sent in August and three in September to inform Mr A about the status of his account overdraft and to remind him to contact them to settle it. Having not heard back, Monzo sent a Notice of Default on 28 September to say, as Mr A’s account remains overdrawn, they’ll soon be reporting it as being in default. They explain what a default is and the impact it will have. They say, “*You can avoid this happening if you get in touch before 28 October 2020 and make a plan to repay what you owe.*” They say Mr A doesn’t need to repay it all in one go and they can look at repayment plans with him to make the repayment easier for him to manage. Having not heard back, Monzo then defaulted the account and sent confirmation of this to Mr A. Mr A then cleared the overdraft in November 2021. I note Mr A says he didn’t receive any communication from Monzo, but they’ve provided evidence which shows the email address they used was the same one which Mr A had sent emails from to them in relation to a separate Monzo account and he had contacted them as recently as November 2021 using the same email address.

Taking this all into account, I think Monzo have provided accurate information to the CRA’s. I do understand Mr A’s frustrations here and I also note his concern about the impact the default has had on his reputation. But, I can’t ask Monzo to put things right if there’s no evidence of an error on their part. The information shows Monzo did inform Mr A of the overdraft and the amount to be repaid, then allowed him opportunities to repay it, and also sent a Notice of Default allowing a further period to get in contact to avoid the account being defaulted. So, I don’t think Monzo have acted unreasonably in the report made to the CRAs and I don’t think they’ve acted unfairly in refusing to remove the default.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 11 April 2022.

Paviter Dhaddy
Ombudsman