

## **The complaint**

Mr P complains that Monzo Bank Ltd defaulted his account without giving him the opportunity to repay the outstanding debt or issuing the proper default notices.

## **What happened**

Mr P held an account with Monzo. In 2018 that account was closed, but then went overdrawn. Mr P did not discover this until September 2019, at which point he got in touch with Monzo to ask what had happened and why it had taken so long for Monzo to make contact with him. Monzo issued final response letters regarding those issues in October 2019. I've already issued a decision explaining why we cannot consider the events that were addressed in those final response letters, so this decision will look only at what happened from October 2019 onwards.

In October 2019 Mr P was told by Monzo that it would be holding him liable for the outstanding balance of £1800 on his account and that he would need to agree a repayment plan for the debt. Mr P sent Monzo details of his income and expenditure, which Monzo said it would pass on to its recoveries department, but Mr P says he heard nothing further from Monzo.

In December 2021 Mr P discovered that Monzo had recorded a default on his credit file relating to this account, so he called Monzo to complain. Mr P said he had not received any notification of this default, so he felt it should be removed from his credit file. Mr P was also very unhappy with the service he received on this phone call.

Monzo looked into Mr P's concerns, but was satisfied it had done enough to ensure Mr P was aware of the default and didn't agree it had given him poor service, so it didn't agree it had done anything wrong. Mr P remained unhappy, so he referred his complaint to our service.

Our Investigator looked into what had happened, but he felt Monzo had treated Mr P fairly. Mr P didn't agree, so his 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've reached the same conclusions as our Investigator, and for largely the same reasons. I'll explain why.

Firstly, I appreciate Mr P felt the call he had with Monzo on 7 December was handled poorly. He's said the person he spoke to hung up on him after pretending not to be able to hear him. I don't have a recording of this call, so I can't know exactly what happened, but Monzo's internal notes from the time of the call do suggest that the line went silent for a period of time which is why the staff member ended the call. I appreciate that would have been frustrating

for Mr P, but I've not seen anything to make me think the staff member acted inappropriately here or was deliberately trying to avoid speaking with Mr P.

Turning to the default, I've looked carefully at all the correspondence between Mr P and Monzo that has been provided, as well as at Monzo's records of what emails and text messages were sent to Mr P. I acknowledge that Monzo does appear to have had an incorrect phone number for Mr P as the text messages sent to him about his account after it was closed were being returned as undelivered. But even so, Monzo was also regularly emailing Mr P about the arrears on his account and about the default process – the default notice itself was issued via email on 24 November 2019, reminders of the default were emailed on 2, 10, and 18 December 2019, and Monzo confirmed the account had been defaulted in an email dated 18 January 2020.

Mr P says Monzo had an incorrect email address for him as well, but I've not seen anything to show that is the case. All I've seen is that one email was incorrectly addressed, by missing the ".com" off the end, there's nothing to suggest that this was how Mr P's email address was recorded on Monzo's systems. And I can see that many other emails both before and after this mis-addressed email were sent to the correct address. So I'm satisfied that Monzo was sending the appropriate notification regarding the default to Mr P's correct email address.

I also note that earlier communications that Mr P did receive – specifically the email of 19 September 2019 which alerted him to the overdrawn balance of his account – made it clear that his credit file could be affected if he did not repay the outstanding balance. So, overall, I'm satisfied that Monzo did enough to make sure Mr P was aware of what was happening with his account and the potential for it to default.

Mr P says that if Monzo's recoveries department had got in touch with him, as promised, then he would have been able to agree a repayment plan and therefore avoid the default. But I don't agree that's likely to be the case. I've seen an email from Mr P dated 14 October 2019 where he set out his income and outgoings, and this made it clear that he had no disposable income – his monthly outgoings were actually more than he was earning – and that he was making only token payments to other creditors. I've then seen an email sent to Mr P on 16 October 2019 where Monzo suggested that given his financial circumstances, he could also make token payments to his Monzo account. But this email also noted that if the debt was not paid off in due course then the account could still default. It appears that Mr P did not see this email, as he's not referred to it anywhere in his communications with us, but even if he had seen it, and had made token payments to his Monzo account, that would not have been enough to avoid a default as he'd not have been able to repay the debt in a reasonable period of time given his financial circumstances.

With all this in mind, I consider that the default does accurately reflect what has happened with Mr P's Monzo account. I'm satisfied that Monzo did what we would expect to keep Mr P informed about the default, but the debt has not been repaid, and Mr P does not appear to have been in a financial position to do so within a reasonable amount of time. So while I know this will be disappointing for Mr P, I'm satisfied it was reasonable for Monzo to record the default. It follows that I don't therefore consider Monzo has treated Mr P unfairly.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 December 2022.

Sophie Mitchell  
**Ombudsman**