

## **The complaint**

Mr C is unhappy that Monzo Bank Ltd recorded adverse information on his credit file.

## **What happened**

Mr C had a standing order set up on his Monzo account to pay a loan also with Monzo. But there was an issue with a payment which meant that a payment to the loan wasn't made. When Mr C became aware of this he got in touch with Monzo to see how he could make a payment. But Monzo didn't respond for some time. This meant that Mr C wasn't able to make a payment to the loan in time and this was reported on his credit file.

Mr C complained to Monzo, as he says that the impact of this meant he was declined for a finance application and caused worry about his credit file. Monzo responded to say that it accepted that it had taken too long to respond to Mr C's enquiries about making a payment. Monzo agreed to amend Mr C's credit file and offered to pay him £50. But Mr C wasn't happy with this.

He brought a complaint to this service where one of our investigators looked into it. They said there had been a significant impact on Mr C and noted that the adverse information was continuing to show on his credit file. In the circumstances, they felt that £200 was fair to compensate Mr C for the distress and inconvenience caused. Monzo agreed, but Mr C didn't. He felt that the impact here was going to be long term and that £500 compensation would be more reasonable. Our investigator maintained that their opinion was fair and so the complaint was passed to me to decide.

## **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.

It's quite clear that Monzo could have dealt with this situation better. Mr C was prompt and proactive in his attempts to get the issue of the payment sorted. He called Monzo as soon as he could and it took them around 11 days to respond to him. That time meant that the loan payment was missed and reported on his credit file. I'm satisfied that could've been avoided had Monzo responded in a more timely way.

So this being the case, Monzo needs to put things right for Mr C. The way our service approaches this is to make sure that a customer is put in the position they would have been in were no error made. Here, the starting point for this would be that Monzo corrects what it recorded on Mr C's credit file – which Mr C has confirmed has now been done.

I then need to think about what Mr C has said about the impact on him here. He says that this had an impact on his application for finance and he's also been very clear about how careful he is with his credit file and how much worry this caused him. So it's only fair that Monzo compensates him for this. Our investigator recommended £200 (in total) for this and Monzo has accepted it. I think this is a fair amount.

I realise that Mr C disagrees with this – but I have to decide complaints fairly, looking at both sides of a dispute. Here, the key thing for me is that Monzo has put right its mistake and offered compensation. I realise that, based on how his credit report from another company is showing this information, he still has concerns about the impact this is having. But I'm satisfied that Monzo has done what it can to ensure he's no longer being impacted by its mistake.

There are a variety of different companies that provide customers access to their credit information. These will all show information in different ways and apply different 'scores' to a customer's record, to give them an idea of how prospective lenders may view their credit-worthiness. As our investigator has said, Monzo's role here is limited to being able to amend the adverse information it recorded, which it's now done. It can't do any more to influence other businesses and the scores they may apply to a customer. If a prospective lender now looks at Mr C's credit file – it shouldn't see the adverse information that Monzo recorded, which is the correct position.

But that doesn't change the fact that Mr C has been put to some inconvenience here and caused a lot of worry. This could have been avoided if Monzo dealt with things in a more timely manner. For this I think the £200, in total, is fair and reasonable.

I know that Mr C thinks that £500 is a more reasonable amount and I've considered all he's told us. But for the reasons explained above, I'm satisfied that the £200 our investigator recommended is fair and so it's this I'll be telling Monzo to pay. It's my understanding that the £50 Monzo offered in its final response letter hasn't been paid, but if it has – then Monzo would be entitled to deduct this from this amount.

### **My final decision**

Monzo Bank Ltd needs to pay Mr C £200 (in total) to compensate him for the distress and inconvenience caused here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 September 2023.

James Staples  
**Ombudsman**