

## **The complaint**

Mr L complains that Monzo Bank Ltd defaulted his account.

## **What happened**

Mr L says that when he switched accounts, he was left with an overdraft of £45 in his Monzo account. He says that due to various health conditions he wasn't as responsive as he could have been about the debt, but he says he replied to an email from Monzo that should have prevented a default being applied. Mr L clarifies that he received an email on 7 November 2022 at 4.03pm requesting a repayment proposal by the next day and responded 15 minutes later. He says Monzo said it had no record of his reply and so defaulted the account on 9 November 2022. Mr L said the situation left him feeling depressed, anxious and frustrated.

Monzo says it asked Mr L to contact it with a repayment plan by 8 November 2022 in order to avoid the default. It says it did not receive an email from Mr L on 7 November 2022 and, as the last communication it received was on 22 September 2022, it did nothing wrong by applying the default when it did.

Our investigator recommended the complaint should be upheld as she was satisfied Mr L had responded to Monzo in time to prevent the default. She recommended that Monzo should remove the default, pay Mr L £100 and discuss a repayment plan for the debt.

Monzo responded to say, in summary, that it was unfair to be held liable for something it did not receive, especially as Mr L had multiple opportunities to respond prior to 7 November 2022. It offered to credit Mr L's account with the £45 needed to bring the balance to zero but would not remove the default as it was correctly added.

I note that Monzo credited Mr L's account with £45 in June 2023.

## **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.

Where evidence is incomplete or contradictory, as some of it is here, I must make a decision based on the balance of probability – that is, what I think is most likely to have happened.

In this case I have seen evidence to show that Mr L sent an email to Monzo on 7 November 2022 in response to the one he received about preventing a default on his account. I'm satisfied this email met the criteria required both in terms of timing and the repayment proposal therein.

I don't doubt Monzo when it says it has no record of the email, but I note that, initially, Monzo also couldn't locate the email it had sent to Mr L on 7 November 2022. Its notes say:

*"On the 9th November, we received an email from the customer...stating that we had applied a default incorrectly and that we told them to get in touch by the 8th November, however we have been unable to locate where this was said. We also cannot locate the email the customer sent to us on the 7th November."*

Furthermore, Monzo has made the point that even if it had received Mr L's response on 7 November this may not have been sufficient to prevent the default given the processes it still needed to follow. I'm not satisfied that that is a reasonable argument given the email Mr L received says *"You can avoid this happening if you get in touch before 8 November 2022 and make a plan to repay what you owe. You don't need to pay back everything in one go if it'll put you under strain, and we can look at different repayment plans so it's easier for you to manage. But to prevent the default, you need to reply to this message before 8 November 2022 and let us know more about your situation."*

So I find it more likely than not that Mr L sent the email to Monzo on 7 November 2022 and, although Monzo says it didn't receive it, I'm satisfied that, had it done so, it would have been sufficient to prevent the default being applied.

As such, I don't consider it fair that Mr L's credit file should be adversely affected by this default for six years and so it would be reasonable for Monzo to remove it. I also find £100 to be fair compensation for the inconvenience caused by the delay in doing so, although I note Monzo has already credited Mr L's account with £45.

### **My final decision**

My decision is that I uphold this complaint. Monzo Bank Ltd should:

- Remove the default from Mr L's account;
- Pay him a further £55 for the ongoing distress this has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 September 2023.

Amanda Williams

**Ombudsman**