

## **The complaint**

Miss W is unhappy that she wasn't able to make a payment towards her Monzo Bank Ltd (Monzo) flex account.

## **What happened**

Miss W holds a flex account with Monzo. This allows her to spread the cost of eligible purchases over a three-month interest free instalment plan. Alternatively, a flex account can be used to repay purchases over a six or 12-month plan, but then interest applies.

On 26 November 2022, Monzo contacted Miss W as a payment had been missed on her flex account. Monzo explained that if the missed payment of £167.84 wasn't made before 3 December 2022, then the remaining payments would be spread over a longer term but would no longer be interest free.

Miss W replied and asked if she could make the payment on 5 December 2022, when she got paid. Monzo repeated that the arrears needed to be cleared before 3 December 2022 and that if this didn't happen it would try to take the minimum payment after switching the flex payments to a longer-term plan. Monzo also advised that while there were arrears present, Miss W would not be able to use the flex account.

On 2 December 2022, Miss W contacted Monzo explaining that she was trying to make payment but wasn't able to. Monzo said this could be due to an app bug. So, it advised deleting the app and reinstalling, before trying again. Miss W replied to say this didn't work and she needed to make an urgent payment. Monzo explained it would escalate the issue to its borrowing team who would be in touch within 24 hours.

Throughout 3 December 2022, Miss W contacted Monzo to explain the payment was still failing and that she wanted to raise a complaint. As no response was received, Miss W chased Monzo on 5 December 2022. Monzo did respond on 5 December 2022 and said the payment couldn't be made as there were insufficient funds available. Miss W said she added money so there was enough, but the payment still failed. Miss W said she didn't want to go onto the minimum payment and wanted to be able to pay the £167.84.

Miss W's complaint was escalated and Monzo advised it would get its final response issued by 16 December 2022. On 13 December 2022, Miss W was able to make the payment of £167.84. In the final response Monzo explained that the payment Miss W tried to make failed as she didn't have sufficient funds. Therefore, Monzo said it hadn't made an error and the flex payments would now be extended to the longer-term interest-bearing instalment plan.

Unhappy with this response, Miss W brought her complaint to our service. Within its submissions to our service, Monzo said it still believed it had made no errors in regard to Miss W's difficulties in making payment. But Monzo acknowledged its response times could've been better and so offered £50 for the delayed service.

One of our investigators considered the complaint and concluded that Miss W didn't have the available funds to make the payment before the due date. Therefore, as per the

agreement, Monzo had acted fairly in moving the flex payment to the longer-term interest-bearing plan. The investigator explained it was clear Miss W had to chase Monzo a few times for a response and the £50 offered by Monzo to acknowledge this was fair. Miss W didn't agree and said she felt as though her request wasn't important nor was it listened to. Therefore, the complaint needs to be investigated further and a better outcome provided.

As Miss W didn't agree, the complaint has been 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.

Monzo explained that Miss W's attempts to make the payment of £167.84 failed, as she didn't have sufficient available funds. Miss W has a £1,000 overdraft facility on her account. I've reviewed Miss W's statements from the time and can see that on 2 December 2022, she did credit her account with £167.84. This brought the overdrawn balance to £853.80. There are other credits and debits showing for 2 December 2022, but the lowest overdrawn balance for the day is given as £842.91. Therefore, I'm satisfied that Monzo is correct when it says there weren't sufficient funds in Miss W's account at any time on 2 December 2022, for a payment of £167.84 to be made without her exceeding her overdraft limit.

The situation is the same on 5 December 2022, when again there wasn't sufficient funds available to make the payment of £167.84, without the overdraft limit being exceeded. Sufficient funds were available from 9 December 2022, and I can see the payment was made to the flex account on 13 December 2022.

It isn't disputed that the due date for Miss W's payment of £167.84 was 26 November 2022. Regarding missed payments, Miss W's agreement says:

*"We'll try and take your monthly payment at 6am on the payment due date. If we can't collect the monthly payment on the due date, we'll record the payment as 'missed'.*

*We'll then give you 7 days to pay your Overpayment or Minimum Payment. If you choose to pay the Minimum Payment, you might lose any Promotions offered on your instalment plans.*

The agreement then goes on to say the following if you're still behind after seven days:

*"If you haven't made your monthly payments after 7 days, we'll try to take the Minimum Payment at the end of the 7 days.*

*In order to do this, we'll switch your monthly payment to the Minimum Payment across all your instalment plans, which will increase the length of your instalment plans to the maximum period available.*

*If you were on a Promotion, you'll start to owe interest at your standard rate."*

I appreciate Miss W was trying to pay the monthly payment of £167.84 within the seven days. She even transferred this amount to her account. However, as I've explained above, she didn't have sufficient funds to make the payment until at least 9 December 2022. This was more than seven days after the original due date. I'm therefore satisfied Monzo has acted fairly and in line with the terms of the agreement, by switching the instalment plan to the longer-term interest-bearing option.

I can see that Miss W chased Monzo when it didn't contact her back. Given the deadlines for when she needed to make payment, I can understand why Miss W found the lack of response distressing. While Monzo did explain to Miss W someone would be in touch via the

in-app chat within 24 hours and this didn't happen. It also told her to uninstall the app to try and fix the failed payments, when it could've advised her then that she didn't have sufficient funds.

However, the failed payments weren't due to any error caused by Monzo and given the delays in responding were a matter of days, I'm satisfied Monzo's offer to pay Miss W £50 for the distress and inconvenience caused is fair in the circumstances.

### **Putting things right**

- If it hasn't already, Monzo should pay Miss W £50 for the distress and inconvenience caused.

### **My final decision**

I'm upholding Miss W's complaint. Monzo Bank Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 20 July 2023.

Paul Blower  
**Ombudsman**