

The complaint

Mr H complains that Monzo Bank Ltd closed his account without notice and lent irresponsibly to him.

What happened

In June 2021 Monzo approved Mr H's overdraft application of £750, with two increases in August and September 2021. Monzo also approved a loan in March 2022 for £5,500.

On 29 November 2022 Monzo made the decision to close Mr H's account with immediate notice.

On 8 December 2022 they requested repayment of the overdraft, £1,054, within 30 days. Which Mr H successfully repaid.

Mr H complained to Monzo about their decision to close his account, their decision to lend to him and their demand for identification for a Subject Access Request (SAR).

Monzo partially upheld Mr H's complaint. They thought they'd acted fairly in closing Mr H's account, hadn't lent irresponsibly but shouldn't have asked for a copy of his identification. They offered Mr H £25 for the error made.

Mr H wasn't satisfied with their response so brought his complaint to our service.

One of our Investigators looked into his complaint. But they didn't think Monzo acted unfairly in closing Mr H's account and hadn't been irresponsible in lending to him.

Mr H didn't agree, in response he wasn't concerned about Monzo's decision to close his account. But he couldn't understand how Monzo had acted fairly in lending to him:

- When the overdraft was approved he owed over half of his salary
- Monzo gave him an overdraft and increased it every month for three months
- He didn't miss any payments but now has debts of over £31,000 – just because he hasn't missed payments doesn't mean he's not struggling to repay his debts.
- It shouldn't just be a creditworthy score that decides whether money should be lent
- Another complaint he had about irresponsible lending against a different business was upheld.

As Mr H didn't accept the case 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.

Mr H has said that he isn't too concerned about Monzo's decision to close his account. However, I've briefly considered whether Monzo acted fairly in closing his account. I realise this will disappoint Mr H however having done so I'm satisfied Monzo have complied with the terms and conditions of his account.

I understand that Mr H is more concerned about Monzo's actions in lending to him, arguing they lent irresponsibly.

I've asked Monzo for evidence, and their criteria, for the overdraft applications in 2021 and the loan application in 2022. I'll consider the overdraft applications first.

Overdraft

Monzo have shared their affordability assessment for Mr H's overdraft on 12 June 2021. Having reviewed this assessment I can see that based on the figures provided in Mr H's application, and other information available to Monzo Mr H had a monthly income of £1,778 and after taking into account monthly spending and his active debts, he had a monthly buffer of £404.35. I can see that Mr H did have debts at this time, however I can't say approving an overdraft of £750 was unreasonable considering the available funds Mr H had.

Further increases were approved on 11 August 2021 and to £1,500 on 10 September 2021. The first increase was quite small, but Monzo have shown they completed an affordability assessment on both occasions. In August 2021 this concluded Mr H had £390 available a month and in September this increased to £442.55. I appreciate that the overdraft increases were applied for in quick succession – and Mr H is right that this can raise concerns about the affordability for a consumer. However, on neither occasion did the assessments show they weren't affordable for Mr H.

Loan

On 17 March 2022 Mr H applied for a loan of £5,500. His monthly debt obligations had increased at this point to £669.10. However, looking at Mr H's income and an added buffer of £125 a month, which Monzo add to their assessment, Mr H still had £129.20 available a month. Allowing him to meet the £125 monthly payments. For this reason I can't say Monzo's decision to approve the loan was unreasonable.

I appreciate Mr H feels strongly about this. And I'm sorry to hear about the high level of debt he has. However, I note he managed to repay the overdraft within the timeframe asked by Monzo. And on bringing his complaint to our service Mr H added he'd managed to maintain his debts – although I understand he's now in arrears.

I appreciate that he's brought another complaint to our service about irresponsible lending which was upheld – however we consider each case on its own merits. And I'm unable to comment on the conclusions reached in a separate case.

I understand Mr H will be disappointed by my conclusions, but for the reasons I've outlined above I won't be asking Monzo to do anything further here.

My final decision

Mr final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 28 March 2024.

Jeff Burch
Ombudsman