

## **The complaint**

Mr K complains Monzo Bank Ltd reduced his arranged overdraft limit without notice.

## **What happened**

Mr K holds a current account with Monzo that has an arranged overdraft facility.

On 8 May 2023, Mr K says he received a text from Monzo, explaining they had reduced his overdraft limit to £794.14, as he'd not made the necessary payment of £40. Mr K says he'd not been given notice this would happen, or the opportunity to make payment into the account. To try to reverse the limit reduction, Mr K made a payment of £41 to his account the same day – but his limit remained reduced.

As a result, Mr K complained to Monzo in August 2023, explaining they had reduced his overdraft limit without notice which had impacted his credit file. He also said that as a new father, it had caused him significant inconvenience and upset, as he was unable to utilise additional spending.

Monzo responded, explaining they were still investigating Mr K's complaint, but as they were unable to meet the deadlines in which they needed to issue a Final Response, Mr K could complain to our service – which he did in September 2023.

An Investigator here looked into things and initially upheld Mr K's complaint, explaining while she couldn't ask Monzo to reinstate Mr K's original overdraft limit, they hadn't evidenced they'd given him notice as expected. In response, Monzo provided information we'd previously asked for but hadn't received, so our Investigator reconsidered things. And based on what she'd now seen she considered Monzo had given Mr K notice and as such hadn't acted unfairly in reducing Mr K's overdraft limit.

Mr K didn't agree. He said he didn't receive any communication from Monzo, and he made the payment just one day after the deadline. He didn't think Monzo had taken into account his specific circumstances, and as such had acted unfairly.

With no resolution, 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.

Firstly, I think it would be helpful to explain at the outset, Monzo's decision on how much it's willing to lend to a customer is a commercial decision, which Monzo is allowed to make. Our service can't interfere with that decision. As such what I'm considering here is whether the bank could decide to reduce Mr K's overdraft limit. And, if so, whether they did that correctly and acted fairly.

The terms and conditions of Mr K's account make it clear they'll review the account to ensure any overdraft is being used for short-term borrowing, as intended – and specifically they might require a payment to the account if one hasn't been made for 60 days. This says:

*“As a responsible lender, we'll review your overdraft use to make sure you're using it for short-term borrowing. If you're using your overdraft, but don't add any money to your account for over 60 days, this could mean you're not using it for short-term borrowing. In this case we might ask you to make a payment into the account.”*

Mr K made a payment to the account on 6 February 2023, he then didn't make another payment for over 60 days. At this point, on 7 April, Monzo say they emailed Mr K letting him know he'd not made a payment for 60 days, as I'd expect. Further they said:

*“We'll have to reduce your overdraft limit to the amount you're overdrawn by 7 May unless you repay £40.”*

While Mr K says he didn't receive this email, Monzo have provided evidence they sent an email on 7 April. Mr K also later successfully received emails from Monzo. I'd only be able to say Monzo had done something wrong if they'd made an error. I don't know why Mr K didn't get the email, but I've seen nothing to suggest it wasn't sent – so I can't fairly say Monzo have made an error. Monzo say they also added a notification within Mr K's banking app, asking him to make a payment of £40 by 7 May. As such, I'm persuaded Monzo acted fairly in attempting to notify Mr K he needed to make the payment.

Monzo's terms say they'll give 30 days' notice to make the payment – which they did here. So have also acted fairly in this regard.

Mr K did make a payment on 11 April, which was within the time frame required. But it was for £20, which wasn't enough to meet the requirements of the account. Monzo had requested £40, in line with their terms and conditions which say:

*“If we ask you to make a payment it'll be 5% of your overdraft balance at a minimum amount of £10”*

They also offered support, should Mr K have difficulty paying the amount requested.

Mr K made a payment of £41 on 8 May, but unfortunately this was after the deadline set and Monzo had reduced his overdraft limit by this point. So while only one day late, as Mr K pointed out, he'd already had sufficient time and I wouldn't reasonably expect them to reverse their decision.

So on that basis, I'm satisfied Monzo acted fairly in asking Mr K to make a payment of £40, providing 30 days' notice, as required.

Mr K also says Monzo didn't contact him to understand his circumstances before reducing his limit. But as I've explained above, they tried to contact him through his banking app and by email. So while perhaps it would have been beneficial to try another contact method – Monzo weren't required to do so and nor were they aware Mr K hadn't seen their communication attempts.

I was sorry to hear of the medical difficulties Mr K had previously suffered. He is a new father – so I understand he was dealing with a lot when Monzo wrote to him. But that said, I wouldn't expect a bank to take into account an individual's personal circumstances when making a decision such as this, unless they'd been notified about them previously. And I've not seen anything to show Mr K had let Monzo know how his health may impact things for him or that they'd need to do things differently. I think it would be worth saying here however,

had Mr K told Monzo of his difficulties previously, it's likely Monzo would have followed the same communication pattern – on the basis Mr K was able to send emails and acknowledge text messages which required action on his part.

So while I appreciate this will come as a disappointment to Mr K, I consider Monzo made a commercial decision, that it was entitled to do, in-line with the terms and conditions of Mr K's account, and they haven't acted unfairly or unreasonably in doing so.

### **My final decision**

For the reasons I've explained above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 March 2024.

Victoria Cheyne  
**Ombudsman**