

The complaint

Mr R complains that Monzo Bank Ltd ("Monzo") allowed payments to be taken from his account despite saying it had blocked them. This resulted in Mr R's account going into unarranged overdraft.

What happened

Mr R held an account with Monzo. Mr R approved a continuing payment authority to a third party ("X"). As per the payment authority a payment was taken by X for £19.19. This resulted in Mr R's account going into unarranged overdraft as Mr R had insufficient funds in his account to meet the payment.

Mr R contacted Monzo about this and although he didn't dispute the transaction, he didn't think the payment should've gone out and put him in overdraft. A further payment was taken, again resulting in Mr R's account becoming overdrawn and Mr R requested that Monzo block further payments going out to X. Monzo agreed to block the payments but informed Mr R that further payments could still be taken if X used a different name or details.

Following this another payment but with different details was taken by X resulting in Mr R's account becoming overdrawn. Monzo then blocked these details and no further payments have been taken.

Mr R complained to Monzo. Monzo didn't agree it had made an error in allowing the payments to go out as although where possible, it would reject a payment where there are insufficient funds, it isn't always possible and some payments such as offline payments still go through due to the way they are processed. And that this is allowed under its terms and conditions.

Mr R was dissatisfied with this and brought his complaint to this service.

One of our investigators looked into Mr R's complaint but didn't think Monzo had done anything wrong or treated Mr R unfairly as it acted in line with the terms and conditions of the account both when the payments were taken and when it allowed the account to go into unarranged overdraft.

Mr R disagreed, and asked for an ombudsman's decision.

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 might help if I explain here my role is to look at the problems Mr R has experienced and see if Monzo has done anything wrong or treated him unfairly. If it has, I would seek – if possible - to put Mr R back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

Mr R is unhappy that Monzo allowed a payment to be taken from his account by X when he had insufficient funds resulting in his account becoming overdrawn for which he was charged for. Furthermore, Mr R is unhappy that a further payment was taken from his account after Monzo had agreed to block payments from X.

Monzo's term and conditions state a customer needs enough money in their account to make payments. Specifically, it says that:

"Some payments that would take your main available balance below zero may still go through, including offline payments..."

And that if this happens it will charge interest on the balance below zero.

I understand Mr R may not have wanted Monzo to have authorised the transactions and allowed his account to go into unarranged overdraft – but Monzo is entitled to do this under the terms and conditions of the account. And I'm sure Mr R appreciates holding a bank account comes with responsibilities – one of which is ensuring the account holds sufficient funds for items that the account holder has authorised the payment of from their account.

Mr R was the one who agreed the continuing payment authority to X and when he didn't have sufficient funds and Monzo responded by allowing his account to become temporarily overdrawn (as per the terms and conditions of the account) to cover the transactions Mr R authorised. So I can't say that Monzo did anything wrong here.

Mr R is also unhappy that a further payment went out despite Monzo saying it had put a block on these payments. But again, I don't think Monzo did anything wrong here or treated Mr R unfairly. Monzo applied the block as requested by Mr R but explained at the time that further payments could be taken if X used a different name or different details. I can see in this instance that the It applied the block for payments requested by Mr R but as X's details had changed the payment was allowed.

Following this Monzo applied a further block with these details and I can see the block is successfully working and no further payments have been taken. So I'm satisfied Monzo hasn't made any errors regarding this and there wasn't anything more it could've done to block the payment. So it follows that I do not uphold Mr R's complaint.

My final decision

For the reasons I've explained I've decided not to uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 February 2024.

Caroline Davies
Ombudsman