

## **The complaint**

Mr M is unhappy that Monzo Bank Ltd defaulted his account

## **What happened**

Mr M had an account with Monzo which was overdrawn. On 3 February 2023, Mr M received an email from Monzo which explained that he needed to make a payment towards his account of at least £40 by 5 March 2023 – or failing that, to contact Monzo before that date to discuss his account – or Monzo would close and default his account.

However, on 4 March 2023 – the day before the deadline given in the first email – Mr M received another email from Monzo. This second email gave Mr M a new requirement and a new deadline and said that he needed to repay the full overdrawn balance of his account within 60 days – by early June 2023 – or Monzo would close and default his account.

Mr M repaid the full overdrawn balance of his account within the 60-days given in Monzo's second email. But he discovered that Monzo had closed and defaulted his account anyway. And when he questioned them about this, he was told that his account had been closed and defaulted in line with what Monzo had told him in their first email to him, dated 3 February. Mr M wasn't happy about this and felt that Monzo's first email had been superseded by their second email. So, he raised a complaint.

Monzo responded to Mr M and said because they'd acted in accordance with the email that they'd sent to Mr M in February 2023, they didn't feel they'd acted unfairly. Mr M wasn't satisfied with Monzo's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They felt because Monzo had sent a second email to Mr M before the deadline of the first sent email had passed, it was fair and reasonable for Monzo to be held accountable to the content of that second email, and that therefore Monzo hadn't acted fairly when they closed and defaulted Mr M's account when they did. Because of this, our investigator recommended that Monzo should remove the default from Mr M's credit file and make a payment of £150 to Mr M as compensation for the trouble and upset their error had caused him.

Monzo didn't agree with the view of this complaint put forward by our investigator, so the matter was escalated to an ombudsman for a final 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.

I issued a provisional decision on this complaint on 8 January 2023 as follows:

*I'm satisfied that Monzo did send a second email to Mr M before the deadline for their initial email had passed and that this second email did give a new deadline of early-June 2023 to*

*Mr M along with a revised action he needed to undertake by that new deadline – the full repayment of the overdrawn balance of his account.*

*Monzo have explained that this second email was sent in error. But given that the second email was sent, and that Monzo appear to have made no attempt to contact Mr M to discuss their error of sending the second email with him, I'm satisfied that Monzo should be held to account in line with the content of that second email – which should fairly be considered as superseding the earlier email that they'd sent.*

*In their correspondence with this service, Monzo have said that if the second email hadn't been sent by them in error, that Mr M would have needed to have made a payment of £40 to his account by 5 March 2023 – or contacted Monzo by that date – to avoid his account being closed and defaulted, in line with the information presented to him in the first email he received from them. And Monzo therefore ask whether Mr M was in a position to do either of these things, and whether the second email was a barrier to Mr M doing to.*

*But I disagree with Monzo's position here completely. Instead, as explained above, I'm satisfied that Monzo's issuance of the second email to Mr M means that Monzo should fairly be held accountable to the content of that second email, which should fairly be considered as superseding the content of the earlier email. And this is regardless of the fact that Monzo issued that second email in error, which I feel that Mr M had no reasonable cause to believe was the case and that Monzo appear to have made no attempt to contact Mr M to explain.*

*Monzo have also suggested that upon receiving the second email, Mr M should have contacted them to confirm whether the second email had been issued in error or not. But I find Monzo's position in this regard to be close to preposterous. And this is because I feel that it's clearly incumbent on Monzo to issue correct and accurate communication rather than expecting their account holders to contact them to question the legitimacy of the emails they receive.*

*It must also be noted that the second email that Mr M received from Monzo gave very clear instructions on what he needed to do – fully repay his overdrawn balance – and by when he needed to do it – by early-June 2023 – such that I see no reason why Mr M would or should have felt it necessary to contact Monzo for any clarification.*

*Ultimately, I'm satisfied that Monzo sent Mr M a second email which should fairly be considered to have superseded the content of their first email. But Monzo then failed to act in accordance with the information given to Mr M in that second email. And so, by closing and defaulting Mr M's account as they did, in line with their first email and not in accordance with the second email that they'd sent, it seems clear and apparent to me that Monzo have acted unfairly towards Mr M.*

*Additionally, Mr M did repay the full overdrawn balance of his account before the deadline given in the second email. And so, his account should not have been closed and defaulted by Monzo.*

*Accordingly, my provisional decision here is that I uphold this complaint in Mr M's favour and that Monzo must remove the default from Mr M's credit file relating to this account and instead should make reports to the credit reference agencies as if Mr M had repaid the full overdrawn balance of his account before the deadline given to him to do so – as actually happened.*

*Furthermore, I don't feel that the £150 compensation payment recommended by our investigator goes far enough to address the ongoing upset and inconvenience that Monzo's mistake has caused Mr M here, including regarding the incorrect adverse credit file reporting*

*he's presently subject to. And I feel that this is especially the case given the stark obviousness of Monzo's mistakes here. And because of this, my provisional decision also includes that Monzo must make an increased compensation payment of £450 to Mr M, which I feel is more fairly reflective of the impact of Monzo's errors.*

In my provisional decision letter, I gave both Mr M and Monzo the opportunity to respond and provide any comments or new information they might wish me to consider before I moved to issue a final decision. Mr M confirmed that he was happy to accept my provisional decision, whereas Monzo did not respond.

As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr M's favour on the basis explained above. And I therefore confirm that I do uphold this complaint in Mr M's favour on that basis accordingly.

### **Putting things right**

Monzo must remove the default from Mr M's credit file relating to this account and instead should make reports to the credit reference agencies as if Mr M had repaid the full overdrawn balance of his account before the deadline given to him to do so.

Monzo must also make a payment of £450 to Mr M.

### **My final decision**

My final decision is that I uphold this complaint against Monzo Bank Ltd on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 February 2024.

Paul Cooper  
**Ombudsman**