

## **The complaint**

Miss N complains that Monzo Bank Ltd (“Monzo”) set up a repayment plan on her account without her agreement, which has adversely impacted her credit file.

## **What happened**

Miss N opened an account with Monzo on 12 June 2020.

On 5 September 2023 Miss N contacted Monzo to explain that she wasn’t going to be able to make a Flex payment of £700 which was due at the end of September.

Monzo provided Miss N with some options, including a repayment plan. Miss N said she would like to do a repayment plan and said she couldn’t afford to add interest to this.

Monzo asked Miss N to complete a budget assessment, but this showed a deficit, which suggested that the monthly amount under the repayment plan wasn’t affordable for her. Monzo asked Miss N to check her budget plan again and confirm how she was planning to make the repayments.

Miss N confirmed that she wanted to pay £400 per month. Monzo set up a repayment plan and confirmed the details to Miss N.

When Miss N read the information provided by Monzo and realised that the plan would be reported to the credit reference agencies, she contacted Monzo and said that she hadn’t been told that her credit score would be affected. She asked for the repayment plan to be cancelled.

Monzo actioned Miss N’s request and removed the plan.

Miss N complained to Monzo. She said she hadn’t been told that the repayment plan would impact on her credit file and when she found out that it would, she asked for the plan to be cancelled. Miss N said that due to the impact on her credit file caused by the repayment plan, she’d lost the lease to her apartment, which had affected her mental health and caused her to lose her job.

In its final response, Monzo said that Miss N had agreed to the repayment plan but there had been an issue on its side which meant she had to pay interest. Monzo apologised for the inconvenience and awarded compensation of £175.

Miss N remained unhappy and brought her complaint to this service.

Our investigator didn’t uphold the complaint. She said that Miss N had initially agreed to set up the repayment plan but had told Monzo she didn’t want to proceed when she found out that the plan would be reflected on her credit file. The investigator said the plan was cancelled the same day as it was set up. The investigator said she’d reviewed Miss N’s credit file but couldn’t see that Monzo had reported the repayment plan. The investigator said that she couldn’t see that Miss N’s credit file had been impacted and said she didn’t think that Monzo had done anything wrong.

Miss N didn't agree. She said she'd told Monzo that she wanted to look at options but said she hadn't agreed to the repayment plan being put in place. Miss N said she'd been charged interest on her payments when she shouldn't have been, and she wanted this refunded.

### **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've reviewed the chat transcript between Miss N and Monzo. Based on what I've seen, I'm satisfied that Miss N confirmed to Monzo that she wanted to set up the repayment plan. I say this because of the part of the transcript in which Miss N says *"Yes please, I would like to do the repayment plan. I cannot afford to add interest to this. None of my priority bills have fallen behind no, but if I have to pay £700 this month then they will."*

Because of this, I'm not persuaded that Monzo made an error when it set up the repayment plan.

I agree with Miss N that she wasn't made aware that the repayment plan would reflect on her credit file. Having reviewed the chat transcript, I'm satisfied that the first time Miss N was made aware that the repayment plan would impact her credit file was in the part of the chat where Monzo confirmed that the plan had been set up.

I've thought about whether Monzo has done enough to put things right for Miss N. I can see that as soon as Miss N asked for the repayment plan to be cancelled, Monzo cancelled it. The plan was only in place for one day.

Miss N has said that the repayment plan impacted on her credit file and resulted in the loss of a lease on an apartment. I've looked at Miss N's credit file but I can't see any reference to the repayment plan. Miss N hasn't provided any evidence from the letting agency to show that she lost the lease because of the repayment plan. I'm not persuaded that the repayment plan has caused any issues with Miss N's credit file, and I think it's more likely that the issue with the lease was caused by another entry on the credit file.

Miss N has raised some issues about being charged interest. I've looked at the available information and I can see that when Miss N first complained to Monzo she expressed unhappiness that interest had been applied to her Flex as a result of her looking at the repayment plan. I can see that Monzo asked Miss N whether she wanted her remaining plans moved back to pay in 3 so she wasn't charged interest. I can't see that Miss N ever consented to the plans going back to pay in 3, so Monzo hasn't made any changes.

Miss N has told this service that she wanted her balance written off and further compensation. I understand that Miss N has been through a difficult time but I haven't seen evidence to persuade me that Miss N's difficulties were caused by Monzo's actions. In the circumstances, I won't be asking Monzo to write off the balance or pay further compensation. I think the compensation of £175 already paid is fair and reasonable.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 29 May 2024.

Emma Davy  
**Ombudsman**