

The complaint

Mr M complains Monzo Bank Ltd have treated him unfairly in relation to his Flex credit card account and the level of customer service it's provided him.

What happened

Mr M held a bank account with an overdraft facility with Monzo. Mr M also held a Flex credit card facility which is the subject of this complaint.

In October 2023 Mr M's bank account was closed through the Current Account Switching Service (CASS). At this time Mr M's outstanding debts became repayable.

Monzo sent Mr M details of how to repay the debts when the bank account was closed in October 2023. After completing an assessment of Mr M's financial circumstances Monzo identified a monthly deficit and couldn't agree to put an arrangement to pay in place. Mr M hadn't made payment to his outstanding Flex credit card debt, saying Monzo hadn't provided him with the relevant details to make payments. The Flex credit card was defaulted in May 2024 and reported to credit reference agencies.

Mr M raised a complaint with Monzo in October 2023 when his bank account was closed. Monzo issued a final response in February 2024 not upholding Mr M's complaint. Unhappy with its response Mr M brought his complaint to our Service for review.

Our Investigator upheld this complaint about the Flex credit card facility. Although Monzo hadn't provided its business file and evidence for the case at that time, from the evidence provided by Mr M she concluded Monzo's actions in relation to the management of the Flex credit card hadn't been unreasonable. However, she did recommend Monzo pay Mr M £300 for failings in the level of customer service he'd received.

Monzo responded and accepted our Investigator's findings. It also provided its business file setting out its position on this complaint.

Mr M didn't accept our Investigator's outcome. In summary he maintained his arguments about Monzo's overall level of service and the actions it had taken in relation to the Flex credit card. Mr M set out that Monzo's actions have impacted him both from a financial and a health point of view.

As Mr M disagreed with the outcome the case has been passed to me to decide.

My decision here deals with Mr M's Flex credit card facility, and takes into account the overall level of customer service provided by Monzo. Mr M's complaint about Monzo's handling of his overdraft debt has been decided under a separate reference.

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.

The information in this case is well known to Mr M and Monzo, so I don't intend to repeat it in detail here.

Mr M says Monzo failed to provide him with details so he could make payments towards his outstanding Flex credit card debt. He's also said the level of service he received from Monzo throughout the complaint process hasn't been at a reasonable level.

Mr M considers Monzo shouldn't have taken the recovery action it has in relation to his Flex credit card, and that he could have made payments to it if he'd been provided with the details to do so, which he considers would have stopped it being defaulted.

Having carefully considered all of the details of this complaint, I think it's helpful for me to set out from the start that I've reached the same outcome as our Investigator. I appreciate this will be a disappointing outcome for Mr M.

I would set out at this point that while my decision doesn't cover all of the points or touch on all of the information that has been provided by both parties, I'd like to assure both Mr M and Monzo that I have carefully reviewed everything available to me when reaching my decision.

Where the evidence is inconclusive or missing, as some of it is here, I've reached my findings on the balance of probabilities; that is to say what I consider more likely than not to have happened in the individual circumstances.

Defaulting the Flex credit card

For background information Mr M's bank account and overdraft facility with Monzo was closed in October 2023 as he'd opened new banking facilities with a different provider through the CASS. As the Flex credit card facility was linked to Mr M's bank account, the outstanding debt became payable.

As part of the bank account closure process Monzo sent Mr M an email in October 2023 providing details of how to repay his outstanding debts. Monzo hasn't provided us with a copy of the actual email it sent Mr M, but it has provided a template of the email.

The templated email includes details of how to repay outstanding borrowing, and I've seen internal screen shots which persuade me that the email was more likely than not sent.

Mr M says he didn't receive the email, and over the following months he contacted Monzo on several occasions to obtain details to make payment towards the outstanding debt. He's said had he been provided with the details he would have made payments. Mr M has said, and Monzo has confirmed, that these details were never again provided, other than within the email of October 2023.

I've seen Monzo kept Mr M updated about the status of the Flex credit card and recovery actions that would be taken. Mr M has said this further added to the distress of the situation. But by providing this information Monzo was meeting its regulatory obligations in keeping Mr M updated about the status of his account.

Having taken into account all of the available evidence on file, including Mr M's testimony, I don't consider Monzo unreasonably defaulted his Flex credit card in May 2024, and reported the default to credit reference agencies.

I say this because as part of the recovery and collection process Mr M completed an income and expenditure assessment. At the time of this assessment his declarations showed he had a monthly deficit of around £1,500. So, I don't consider it unreasonable that Monzo wouldn't look to agree to a payment arrangement of the outstanding debts, as to do so would appear to have caused Mr M financial detriment or harm.

I can see that Mr M made Monzo aware that he would be in a position to make payments of around £50 per month towards his debts. And while a payment at this level appears to have been sufficient to cover the Flex credit card monthly repayment, Monzo reasonably questioned how Mr M intended to repay the overdraft debt which was still outstanding. Monzo also asked Mr M to provide further information about how this payment would be funded each month, but I've not seen any evidence that Mr M replied to Monzo's requests.

I don't doubt Mr M's testimony that he would have looked to make payments towards his outstanding debts, but the financial information he'd previously provided Monzo didn't support that he could sustainably do so. I therefore don't consider it was unreasonable for Monzo to have asked for further information about how he would be able to sustainably afford to make these payments.

As part of my review into Mr M's complaints I asked him to provide details about how he would have afforded to make the proposed payments towards the outstanding debt. I also asked Mr M to provide any evidence of this.

Mr M explained he would be able to afford these payments from an increase in his salary. However, Mr M hasn't provided any evidence of this, or that these funds were, or would have been, available to him, and importantly, wouldn't have caused him financial detriment or harm in any way.

So, I'm not persuaded, based on the evidence available to me, that making payments to this debt wouldn't have been financially detrimental or otherwise harmful to Mr M's overall financial circumstances. And for this reason, I don't consider, on balance, that Monzo acted unreasonably when defaulting Mr M's Flex credit card account and reporting the default to credit reference agencies.

The level of customer service provided by Monzo

Monzo has acknowledged that the overall level of customer service it provided Mr M fell short of what Mr M ought reasonably to have expected. It has acknowledged delays in its responses to him and in its handling of his complaint.

I've reviewed the emails and online chat history transcripts Monzo has provided, as well as listening to the calls Mr M had with Monzo.

It's clear that Monzo didn't act as quickly as it reasonably should have when dealing with Mr M's concerns and his complaint. Mr M was also promised on multiple occasions that he would receive call backs to his complaint and these don't appear to have materialised.

I can understand the impact this level of service had on Mr M, causing him unnecessary distress and inconvenience.

Mr M has said he considers compensation in the thousands is warranted in his case. He's said this because he has detailed the impact Monzo's actions have had on him, and will continue to have on him in the future, both financially and personally.

When thinking about this impact and reasonable compensation, I've taken into account the guidelines our Service has in place for non-financial awards of compensation, which are publicised on our website.

Awards in the thousands are generally recommended where a business' error has caused sustained distress and/or inconvenience; and/or severe disruption to someone's daily life, lasting more than a year. Examples include when the effects of the error have irreversible consequences, or a lasting impact on someone's health.

In Mr M's case I consider the level of distress and inconvenience Monzo caused did impact him across a number of months, and given the sensitive personal circumstances he's made Monzo and our Service aware of, I do consider this would have had more of an impact on him than the average customer.

So, taking all the above into account, I'm satisfied an amount of £300 fairly reflects the impact Monzo's actions (and inactions at times) had on Mr M in relation to this case. This award takes into account that an award has also been directed on Mr M's other case, and I've therefore considered the overall position Monzo will be putting Mr M in.

Mr M has made us aware of some sensitive personal circumstances, both in relation to his health and finances. I am sorry to learn of these circumstances. I would take this opportunity to remind Monzo of its obligations treat Mr M fairly and sympathetically in its dealings with him, and when looking to recover the outstanding balance.

Putting things right

For the reasons set out above, I'm satisfied Monzo Bank Limited should pay Mr M £300 in recognition of the impact its level of customer service has had on him.

Monzo should also provide Mr M with details of how to make payments to the defaulted debts.

My final decision

My final decision is that I'm upholding this complaint and I direct Monzo Bank Ltd to pay Mr M £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 August 2024.

Richard Turner
Ombudsman