

The complaint

Mrs O complains that Monzo Bank Ltd unfairly transferred a debt to a collection agency that she says isn't owed by her.

What happened

In 2020 Mrs O raised a dispute with Monzo after experiencing difficulties with an automated teller machine (ATM) cash withdrawal. She told Monzo that she'd been charged for a failed attempt to withdraw £200 and wanted Monzo to investigate and refund her.

At the time, Monzo provided a temporary refund whilst they contacted the operator of the ATM. Monzo received evidence that the ATM withdrawal had been successful and advised Mrs O that they were going to recover the temporary refund and said this would happen in two weeks' time.

Mrs O continued to make a case that the ATM was faulty and raised a complaint. Monzo didn't think they'd done anything wrong and there was evidence to show the ATM was working properly. They didn't uphold Mrs O's complaint and issued her with a Final Response Letter (FRL) dated 18 June 2020. The redebit of the refund took the account into an unarranged overdraft.

Mrs O told Monzo she wasn't going to repay the money and said she was raising the issue with our service. Monzo paused the account and waited for a while to see whether Mrs O lodged a complaint. Mrs O didn't raise a complaint and Monzo recommenced trying to collect the outstanding unarranged overdraft amount, sending various messages to Mrs O.

These messages advised her that the debt was increasing because of interest applied to it. Mrs O didn't respond to these messages and later that year, Monzo advised her they were going to default her account and close it due to the outstanding debt.

In 2023, Monzo transferred the outstanding debt of £196.14 to a collection agency. Mrs O raised a complaint with them. They confirmed the amount owed and explained the debt arose from transactions in 2020.

Mrs O went back to Monzo and raised a complaint about the debt, continuing to argue it was unfair. Monzo investigated the additional complaint and wrote to Mrs O in March 2024 defending their actions. They explained that the debt was correct after they investigated the ATM dispute.

Mrs O continued to believe the debt was wrong and brought her complaint to the Financial Ombudsman Service for an independent review.

An investigator was assigned to look into what had happened and asked both parties for information.

Mrs O was able to say that:

- The original dispute wasn't investigated properly, and she maintains she never received funds she was charged for.
- She doesn't owe any money to Monzo.
- The debt shouldn't have been passed on.

Monzo provided details from both their original 2020 and later 2024 investigation. These showed that:

- The ATM dispute was investigated and found to have been a successful withdrawal. A complaint was answered at the time.
- A temporary refund was taken back after giving Mrs O notice of this.
- The redebit caused the account to be overdrawn.
- Mrs O said she wasn't going to repay it.
- Eventually the account was closed, defaulted and the debt passed to a collection agency.

After reviewing the evidence, the investigator concluded that Monzo had acted fairly. It was commented that Monzo had communicated the issue regularly to Mrs O and investigated her original complaint. Monzo had also advised Mrs O of the issues surrounding non-payment (including an impact on her credit rating). Overall, it was felt that Monzo's actions were reasonable when they passed the debt on to a collection agency.

Mrs O disagreed and continued to argue she wasn't responsible for the original debt. As no agreement could be reached, the complaint has now been passed to me for a 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.

When Mrs O raised her original dispute in 2020 with Monzo, it was investigated by them. At the time Mrs O also raised a complaint which Monzo responded to and issued their final response. Our rules dictate when we can look into a complaint and generally there's a six-month window for Mrs O to have brought her complaint to our service. At the time Mrs O said she was going to raise it but didn't. What that means here is the original issue can no longer be investigated by our service.

So, whilst I understand Mrs O still maintains there was an issue with the ATM, Monzo's investigation concluded the ATM withdrawal was successful. So, for the purposes of Mrs O's complaint, I'm satisfied that Monzo's approach was reasonable when they advised her they were going to redebit the temporary refund.

Mrs O had chosen to remove the temporary refund by transferring it to another account after receiving it from Monzo, so she's had use of those funds and left her account at the time with little balance. The result of the redebit pushed the account into an unarranged overdraft which was then subject to interest. Monzo kept Mrs O informed about this and the likely impact this would have on her.

Monzo then informed Mrs O what would happen if she didn't pay the balance owed on her account and provided several messages about this. Monzo also provided details of other

organisations that could help if she needed assistance with her finances. Mrs O told Monzo she wasn't going to repay it and stopped communicating with them. Later in 2020, Monzo defaulted the account and closed it, eventually passing the debt to a collection agency..

In conclusion, it's clear that Mrs O still maintains she didn't receive all of her funds. She also told our service she wasn't going to pay the debt because of this. But the evidence provided by Monzo shows there was a debt and I'm satisfied it was appropriately passed to the collection agency based on a lack of repayment by Mrs O. Overall, I'm satisfied that Monzo acted both fairly and reasonably here, so I'm unable to uphold her complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 25 November 2024.

David Perry
Ombudsman