

The complaint

In summary, Mrs A complains that Monzo Bank Ltd unfairly recorded a default on her credit file in relation to an overdraft facility. She's also unhappy with the general level of service she received.

What happened

Mrs A had an overdraft with Monzo. To repay what she owed, Mrs A entered a repayment plan which, unfortunately, failed; she says errors by Monzo were the cause of her account ultimately defaulting.

More specifically, Mrs A says there was a lack of support from Monzo. She says the bank took too long to respond to her attempts to contact it. She's mentioned how she attempted to rearrange one payment, which she couldn't make, but was ignored. Consequently, she missed a repayment, and her plan was broken.

Mrs A complained to Monzo about the support and service she'd received in February 2024. In response, the bank said it was upholding the complaint in part. It agreed that Mrs A had waited longer than she should expect for a response on some occasions. Monzo offered £20 to compensate for the inconvenience this would've caused.

Aside from that, though, Monzo maintained that it had administered Mrs A's account fairly. It said, in summary, that Mrs A had missed repayments and so a default had been appropriately applied. It added that Mrs A hadn't responded to its questions around her budget; that she'd received several reminders to pay and had been given ample time to do so.

Mrs A referred her complaint to this Service for an independent review. An Investigator here looked at what had happened and, overall, she didn't think Monzo needed to take any further action. In short, over the course of much correspondence with Mrs A, our Investigator said:

- Monzo had provided appropriate support, in line with what it's expected to do, to help Mrs A make repayments in a way which was suitable for her.
- Repayments had been missed and so, ultimately, a default had been added. That wasn't unreasonable, and Monzo had a duty to record such information with Credit Reference Agencies (CRAs).
- £20 compensation for some slight delay was, in the circumstances, a fair and reasonable way to recognise the inconvenience Monzo had caused when responding to Mrs A's contact.

Mrs A disagreed, and she asked for an Ombudsman to make a final decision. She reiterated that she'd maintained her repayments, as agreed with Monzo, and had only deviated from that plan because of unforeseen circumstances – which she'd tried to warn Monzo about.

Given no agreement has been reached, Mrs A's complaint has been passed to me to decide.

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.

Having done so, I've noted Mrs A has raised several points here. While I have read and considered all that she's provided, I haven't commented on each and every statement she's made. Instead, I've focussed on what I deem to be the crux of the matter. That's because our role is to be an informal service; my approach here is simply to align with that purpose.

Additionally, I'd like to clarify that where evidence is incomplete, inconsistent, or contradictory – as some of it appears to be here – I must reach my decision on the balance of probabilities. In other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

Lastly, for clarity, I've addressed the key themes of Mrs A's complaint separately.

Mrs A's repayment plan and the default registered by Monzo

From what I can see, Mrs A entered into a repayment plan – for £100, to be paid on the 28th of each month – beginning in June 2023 and ending with a final payment, for slightly less than £100, in March 2024. Monzo's internal system notes suggest Mrs A was also provided a five-day grace period, from the 28th, for her repayments to be credited to the overdraft. That's likely because the account was closed, and payments towards it could take longer to process.

This plan has been referred to as a "self-managed" plan, and it seems to have been instigated by Mrs A herself; Monzo has indicated that nothing formal was ever agreed. That's largely because, it says, Mrs A didn't respond in enough detail to its requests for information about her budget.

My view, broadly, is that regardless of whether Mrs A's repayment plan was formal or informal, the fact is that *something* was in place which set out terms of repayment – and both parties appear to have agreed to it. That seems to be the case, anyway, having looked through Mrs A's substantial correspondence with Monzo – which took place on its mobile app, as well as by email. So, to determine if Monzo has administered her account correctly, I've looked at whether Mrs A kept to what was agreed.

I've been provided with statements for Mrs A's account; I also have screenshots provided by Mrs A which show some of the repayments she made. Our Investigator has already set out the detail of Mrs A's repayments, so I'm satisfied this has been clarified and I won't repeat the same information here. What I will say, is that I can't see repayments – for any amount – credited to Mrs A's overdraft in July 2023, December 2023, January 2024, or March 2024.

Having reviewed the available evidence, I can see Mrs A *did* make a repayment in July 2023 – but not on the 28th, as stipulated in her plan. She seems to have made payment the next day, 29 July, and the funds were credited to the account on 1 August. On the face of it then, a payment was made in July; not on 28th, but within the five-day grace period she appears to have been afforded. So, broadly, I'm satisfied Mrs A made the required repayment here.

I can't see any repayment made in December 2023; I've then looked closely at what Mrs A has said about her attempts to rearrange a repayment in January 2024, given she's said this is what, ultimately, caused her repayment plan to be broken. As I understand it, Mrs A wanted to pay double in February – nothing in January – and says she asked Monzo if it could facilitate that.

From what I can see, though, Mrs A didn't explicitly request that. It seems she did attempt to rearrange a repayment date, but not for her overdraft; instead, she referred to another of her Monzo products. It seems too that she did so on 31 January 2024, which was after her agreed repayment date – and three days into the five-day grace period – not leaving much time for any payment to be credited.

I've no doubt what happened here was an honest mistake; I'm also aware that Mrs A says Monzo should've spotted that her request was for the wrong account, and that she did always mean to rearrange her overdraft repayment. But I can't agree that Monzo are ultimately responsible here. I don't think Monzo categorically ought to have known – or, for that matter, assumed – that Mrs A had made an error and referred to the wrong account, regardless of that other account's status. In any event, even putting aside what I've said about the mistake in Mrs A's request, or the timing of it, it's also true to say Monzo was under no obligation to agree to Mrs A's proposal to pay twice the following month. So, I can't definitively say things would have been different – or are more likely to have been – even if Mrs A's request had been correct and provided with plenty of notice.

Mrs A did pay twice in February 2024, regardless of whether Monzo agreed to that. But without such agreement, I don't find that her double payment negates the fact that a payment was missed in January. Overall, I can't see – in the evidence provided by either party – that repayments were made, or attempted, in December 2023, January or March 2024. The final repayment seems to have been made in April 2024, a month after the plan should've ended and the debt been fully repaid.

With all of that in mind, I can be broadly satisfied that Mrs A didn't stick to the terms of the repayment plan she set up with Monzo. Put simply, repayments weren't made in three months that they should've been. As such, while I do understand why Mrs A feels a default shouldn't have been applied, and that she should've been given more assistance, I don't find it inherently unreasonable of Monzo to have ultimately decided to default Mrs A's account. It follows that I don't require the bank to amend what it's reported.

Monzo's general service and the level of support it offered Mrs A

As an overview, from what I've seen, and aside from its general engagement with Mrs A, Monzo offered and/or provided:

- Repayment plans.
- "Breathing Space" and the freezing of interest and charges.
- Details of external organisations which might be of use, or able to provide help, to Mrs A.

I think that's in-line with what it's required to do, and it's certainly the sort of activity I'd expect to see. So, I can't agree with Mrs A that Monzo didn't offer support.

I was pleased to see Monzo accept that some aspects of its service could've been better, though. It surely would've been frustrating for Mrs A to have to wait slightly longer for a response when she tried to contact Monzo via its mobile app.

For completeness, while I don't find, for the reasons I've explained above, that things would likely have been different if Monzo had responded to Mrs A quicker than it did; I am satisfied that its service in this regard was below what Mrs A should expect and that this impacted her to a degree.

To that end, I'm satisfied the compensation Monzo offered Mrs A is enough in the circumstances. So, it should pay her £20 as it's said it would do.

Overall

What I've said here will no doubt come as a significant disappointment to Mrs A. That said, based on all I've seen, I can't fairly conclude that Monzo has acted wrongly – in terms of defaulting Mrs A's account – in the circumstances. Rather, I'm satisfied that it did take sufficient steps to work with Mrs A and, ultimately, that it's appropriately reported information to CRAs.

My final decision

My final decision is that Monzo has already made an offer that is fair in the circumstances. It should now arrange to pay Mrs A £20 compensation, as it's offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 14 November 2024.

Simon Louth
Ombudsman