

The complaint

Miss F has complained that Monzo Bank Ltd didn't cancel her credit card with it, and her account was later defaulted.

What happened

Miss F took out a credit card with Monzo on 22 June 2019. She's explained she did this by mistake. On 23 May 2022, she asked Monzo to close the account. There were then a number of messages, which Miss F says she didn't receive. Monzo feels she did receive most of them, as she replied.

However, the issue here is primarily that an outstanding balance remained on the account. And, as it wasn't repaid, Monzo defaulted the account, and reported the account status to credit reference agencies (CRAs). Since then, Miss F has repaid the balance and the account has been closed. But, the historical data remains.

Miss F complained, and Monzo responded offering her £125 for the service she'd received. It said her credit file had been updated to reflect that the account had been satisfied, but said it couldn't remove the historical data. It later increased its offer to £200.

One of our investigators looked into what had happened. He agreed that Miss F had received poor customer service – specifically, in the form of delays in responding to contact from Miss F, two emails likely not being sent, and delays in responding to her complaint. But he thought the £200 Monzo had offered was fair to put this right.

He also considered the default that had been placed on Miss F's credit file, and what had led to this. He could see that there had been a small outstanding balance, which hadn't been paid off, and which had accrued interest. Miss F has explained she'd found it difficult to pay this, as her credit card didn't have any information printed on it. But, he was satisfied that there were ways in which Miss F could have made a payment. And although Miss F had online chats and emails, the payment remained outstanding. So, he thought it reasonable of Monzo to report this to the credit reference agencies, as it's required to report accurate information.

Miss F disagreed, and feels the default should be removed, particularly given the effect it's had on her ability to remortgage.

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 agree with our investigator. I know this will be disappointing for Miss F, but I'll explain why.

I agree that customer service fell short. But, I don't think this was the cause of the default being recorded. Accordingly, I think the £200 compensation is fair. The reason the default

was recorded, was because the account was in arrears, and the debt wasn't repaid. I know Miss F has said there wasn't information on her credit card, but I don't think this is reason enough not to have made the repayment. There were other ways of locating the information she needed. And I'm satisfied this was readily available, online or by phone/chat.

I appreciate this experience has been very frustrating for Miss F, and there have been distressing consequences. But, I don't think Monzo behaved unfairly, as it recorded accurate data, and the default had been reasonably applied.

My final decision

It's my final decision that the £200 Monzo Bank Ltd has offered is fair. I leave it to Miss F to decide whether she'd like to accept it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 1 March 2025.

Elspeth Wood
Ombudsman