

The complaint

Mr N complains about Monzo Bank Ltd refusing to refund overdraft fees when he was in financial difficulty.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr N's bank account with Monzo had an agreed overdraft which he was regularly using and paying interest and charges.

In September 2024, Mr N contacted Monzo to let them know his financial circumstances had changed, that he was on benefits and would be starting a new job.

In October 2024, Mr N contacted Monzo again seeking assistance as he was behind with essential bills and was having to borrow money from friends and family.

Although Monzo offered support, Mr N asked for a refund of the overdraft fees that had been applied to his account. He felt this would enable him to regain control of his finances and avoid further hardship. But Monzo declined this.

Mr N feels that Monzo didn't make enough effort to understand his situation and were dismissive of his request. Also, that the support they offered was inadequate.

Mr N complained to Monzo but they continued to decline his request and said the fees had been correctly charged and were stated in their Overdraft Credit Agreement.

Mr N brought his complaint to our service. However, our investigator considered Monzo's actions to be fair and reasonable.

As Mr N remains dissatisfied, his complaint has been referred to me to look at.

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'm very sorry to hear about Mr N's financial difficulties and I don't underestimate the impact this has had on him. However, I'm not upholding this complaint and I'll explain why.

I should first say:

- It's clear Mr N's financial difficulties put him in a vulnerable position, and I'm satisfied the Financial Conduct Authority's (FCA's) guidance applies here.
- Whilst I'm sorry to hear about Mr N's financial difficulties, I must approach this matter objectively.
- I've focused on what I think are the important points to reach a final decision.

- I've carefully considered all the points Mr N and Monzo have made, even if I don't specifically address them all.

To see if Mr N was treated fairly, I looked closely at Monzo's actions when Mr N notified them about his change of circumstances in September 2024 and requested help in October 2024.

On 6 September 2024, Mr N's change of circumstances were that he was on benefits and starting a new job. Monzo responded immediately and asked questions to understand his circumstances and payment affordability and their web chat representative said:

'I don't mean to sound invasive, I just need a clear understanding of your circumstances so I know the best way to help you'.

So, Monzo were quick to pick up that Mr N may have had financial difficulties in September 2024. However, I can't see any response from Mr N until approximately six weeks later. This was on 17 October 2024 and Mr N said:

'I would like to discuss my current overdraft situation, as I am struggling to repay it. Given my difficult financial circumstances, I am requesting a review of my account to see if it would be possible to have the interest charges refunded. Any assistance you could provide during this challenging time would be greatly appreciated.'

It is unclear why Mr N delayed contacting Monzo. However, it was now clear to Monzo that Mr N was in a vulnerable position and needed support. So, I looked closely at Monzo's response and found the following:

- They asked Mr N questions to fully understand his circumstances, and established Mr N was behind with essential bills and *'borrowing money from friends and family'* for essentials such as clothing and food.
- Mr N was put through to their financial health team and their representative was empathetic and:
 - Offered advice. This including prioritisation of expenditure and to speak to his creditors.
 - Signposted him to organisations *'that might be able to help'* such as Money Helper (for free and impartial debt advice) and suggested food banks and food vouchers.
- They offered to cancel his account £15.00 *'premium subscription'*
- They asked him to complete an automated financial assessment form:

'So that we can help you with your next steps we need a better understanding of your monthly income and outgoings'
- As Mr N inputted (and confirmed) figures that showed he didn't have the funds to make the necessary overdraft payments Monzo then offered Mr N the following:
 - A £15.00 monthly repayment plan
 - A freeze on overdraft charges and interest

Although this would be reported to credit reference agencies and affect his credit score, Monzo's above response was what I would expect to see from a responsible lender when confronted with a vulnerable customer seeking help.

However, Mr N didn't take up Monzo's offer of support. Instead, he requested alternative support in the form of removal of unspecified overdraft charges that had recently been (correctly) applied to his Monzo account.

From reviewing all the information on file and looking at Monzo's website, I noted the following:

- Monzo say an overdraft is *'not for the long term, because that can get expensive if you stay in your overdraft too long. If you're struggling, reach out to us'*
- Mr N placed a heavy reliance on his overdraft and had been using it as a long-term credit facility since at least March 2024 and paying interest and charges every month of approximately £25.00.
- Mr N said he contacted them about his financial difficulties in January 2024. However, there is no record of Mr N reaching out to Monzo about his financial difficulties then. And the web chat dialogue Monzo have provided for January 2024 doesn't refer to Mr N's financial difficulties.
- In webchat between Mr N and Monzo on 18 October 2024 Mr N said the *'charges are really affecting me'*

Although I can see that Mr N had been using the overdraft for too long a period, it was getting expensive and he was struggling, the first dates that I can see that he reached out to Monzo were in September and October 2024. In September Mr N didn't respond to Monzo's questions and in October Monzo offered the above-mentioned support.

Also, I noticed:

- The cost of the plan that Monzo offered was similar to the premium subscription Mr N had the option to cancel.
- On 31 October 2024, Mr N completed another electronic income and expenditure assessment, and this differed to the assessment he completed between 18 and 20 October and showed greater affordability.

So, I'm satisfied that when Mr N reached out to Monzo, the support they offered was fair and reasonable.

However, Monzo couldn't make Mr N take up their offer of support and Mr N was asking for something that wasn't unavailable. And, as pointed out by our investigator:

- The fees charged were in line with Mr N's overdraft agreement
- Lenders are entitled to charge fees for overdraft usage
- Mr N accepted the terms and conditions when he applied for the overdraft facility

So, having considered all of the above, whilst I empathise with Mr N's situation, I'm satisfied Monzo acted in a sympathetic, supportive and responsible way. And I don't think they have treated Mr N unfairly here.

My final decision

My final decision is that I'm not upholding this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 21 May 2025.

Paul Douglas
Ombudsman