

The complaint

Mr W complains Monzo Bank Ltd (“Monzo”) unfairly put him into an overdrawn position after they accidentally credited his account with the same payment twice.

What happened

In August 2024 Monzo faced an issue whereby payments powered by a specific company were paid out twice in error. In Mr W’s case, there were three separate payments that totalled around £122.

Initially Mr W received these payments on 21 August 2024, and then again on 22 August 2024 – both credits were showing as having come from the same merchant. Monzo realised Mr W’s account had been affected and took back the money they’d paid into the account in error.

This left Mr W in an overdrawn position of around £122. Mr W was unhappy about this – he’s said Monzo should be responsible for the balance as it was their error, and the stress of this has caused him to lose sleep. He also complained Monzo haven’t been responsive when he’s tried to discuss the issue with them.

Monzo responded to Mr W’s complaint on 27 August 2024. They explained incidents like this are covered in their terms and conditions and means they’re within their rights to take back funds if needed. They did, however, offer Mr W £25 for any distress and inconvenience caused by the problem.

They also addressed Mr W’s customer service complaint. They said sometimes if customers contact them after 9pm, they may be required to wait longer than during working hours, depending on the query. They said while they’re open 24/7 they prioritise urgent issues between 8pm and 7am.

Mr W remained unhappy with this response, so he brought his complaint to our service. An investigator here looked into things.

They said Monzo didn’t act unfairly when taking the money back out of the account after it was credited incorrectly. They said they’d acted in line with the terms and conditions, and the £25 compensation payment was fair. They also said regarding the online chat facility that Monzo responded to Mr W in a reasonable period of time considering the circumstances and so Monzo don’t need to take further action.

Mr W responded to the view. He said he feels Monzo should reimburse him for the money he paid towards the overdrawn amount. Because an agreement couldn’t be reached, the 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.

I'd like to start by acknowledging the difficult time Mr W has described to our service and I'm sorry to hear things have been tough for him recently. I can understand why this issue was an additional source of stress for him. And when coming to an outcome, I have also taken into consideration what he has told us about in relation to him being neurodiverse and the impact the situation has had on him.

But I need to consider whether Monzo have acted unfairly – and although this will come as a disappointment to Mr W, I don't think they have. I'll explain why in more detail below.

Mr W has also made reference to another complaint he has Monzo, however this decision will solely focus on his complaint about the recalling of the funds, and the conversations that followed that incident.

The unarranged overdraft

It isn't in dispute here that Monzo made a mistake in crediting funds to Mr W's account twice, when it should have been once. What I now need to consider is if the £25 Monzo has offered Mr W already is a fair way to put things right for him, and I think it is.

Looking at what's happened here, Mr W was paid the funds twice – the first came in three instalments on 21 August 2024, and the second in three instalments on 22 August 2024. Mr W says the merchant was known to him and he assumed the funds were for him. And from what I can see, he withdrew/spent the funds on 22 August 2024 and Monzo applied the reversal of funds later that same day.

Monzo recognised the mistake it made and sent Mr W a message along with the reversed transactions letting him know about the mistake and that it would be taking had taken the funds back. Because Mr W had already spent or transferred the funds out by this point, it put Mr W in an unarranged overdraft position.

I've reviewed the account terms and conditions to see whether they support Monzo's response. These say, *'It's possible money will be paid into your account by mistake. If this happens you give us permission to remove the equivalent amount from your account or return the payment to the sender even if this leaves you overdrawn'*. So, I'm satisfied Monzo acted in line with its terms and conditions when it took the action it did.

I can understand why Mr W felt distressed by having been put in an unarranged overdraft position. But, overall, I'm satisfied that while Monzo made a mistake, it communicated the mistake and the actions it was going to take to put things right quickly. It also enlisted the involvement of its Wellbeing team when Mr W showed signs of being in distress about the situation. And it offered to set up a repayment plan for Mr W to pay back the amount it said he owed. So overall, I think Monzo has acted fairly and reasonably in its treatment towards Mr W following its mistake. And I'm satisfied that the £25 it has paid Mr W to compensate him for the mistake is a fair and reasonable way to put things right here – especially when also considering the other support it has offered Mr W.

I have taken on board Mr W's point that he should be entitled to funds because they were paid into his account, but I don't agree. Mr W has had the benefit of the funds, and so he should pay these back. However, I would expect Monzo to come to an arrangement with Mr W to repay in a way that is affordable to him (as it has tried to).

Customer service

One element of Mr W's complaint is around the service he received from Monzo. He said he lost sleep due to the infrequency of their replies and lack of general assistance.

Monzo have provided me with the chat logs between them and Mr W. I can see Mr W first logged his concerns on 22 August 2024, at 19:57pm. Mr W then messaged Monzo chasing a response at the following times: 20:16, 20:37, 21:05, 22:59, 05:24 and 05:26. I can see Monzo responded to Mr W at 05:26am. At 06:25 someone from Monzo's customer wellbeing team picked up Mr W's query and started speaking to him about his mental health, and referred him to charities that could assist.

Monzo have explained while their online chat facility is 24/7, they are required to prioritise fraud queries between 8pm and 7am and as a result, their responses may take longer during these hours. While I appreciate this query was urgent to Mr W, Monzo will need to assess each case individually to decide which needs an answer during those hours. It's important to note, Monzo did still respond to Mr W outside of their general, non-urgent queries hours of 7am to 8pm. And I don't think the time it took to respond to him was unreasonable.

Having reviewed the contents of the chat, I can't say they offered Mr W a lack of assistance. The person communicating with Mr W offered support to him by referring him to charities, his GP, or someone else who can help him with his mental health and they advised of options to manage the overdrawn balance. The complaint was escalated on during the chat, and Mr W received a full final response letter within less than a week. So with this in mind, I don't think Monzo have acted unfairly in the way they corresponded with Mr W during this time.

I know this will be disappointing to Mr W, but I hope my explanation has helped him to see why I can't say Monzo acted unfairly.

My final decision

It's my decision that Monzo Bank Ltd hasn't treated Mr W unfairly when recalling funds that were sent to him in error, or in the service he received after.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 May 2025.

Meg Raymond
Ombudsman