

The complaint

Mr E complains Monzo Bank Ltd closed his account and unfairly defaulted him.

What happened

Mr E had a current account with a debit card with Monzo and an overdraft as well as a loan.

In February 2023 Mr E told Monzo over 100 ATM withdrawals totalling more than £1,800 had debited his account that he didn't recognise. He says that Monzo didn't agree to refund these disputed transactions and instead closed his account with immediate effect. He says that Monzo subsequently defaulted him.

Mr E complained to Monzo saying that he'd been the victim of fraud / theft so it was unfair to close his account. He also complained that Monzo had unfairly defaulted him as closing his account with immediate effect had prevented him for accessing his funds. In addition, he said that each time he'd tried to speak to someone at Monzo a different person answered meaning he hadn't been able to agree a repayment plan.

Monzo looked into Mr E's complaints and said that it didn't agree it had acted fairly. Mr E wasn't happy with Monzo's response and so complained to our service.

One of our investigators looked into Mr E's complaint about his account being closed and another of our investigators looked into his complaint about Monzo defaulting him. Neither of complaints were upheld. Mr E wasn't happy with our investigator who said that he hadn't been unfairly defaulted and asked for his complaint to be referred to an ombudsman. He said that the case about the transactions he'd disputed should be re-opened and cameras should be viewed at the ATMs where the withdrawals had taken place to see if he was the person making the withdrawals. He also said that his account was defaulted automatically as a result of him reporting fraud / theft and that he didn't expect his account to be closed or defaulted. His complaint was, as a result, passed to me.

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.

We've explained to Mr E that we've treated his complaint to us as two separate complaints - one about Monzo closing his account and one about Monzo defaulting him. And we've already looked into Mr E's complaint about Monzo closing his account and decided that Monzo didn't act unfairly when it closed it immediately. So, this decision deals with the second of those complaints given that, as I've just mentioned, we've already decided that Monzo didn't act unfairly when it closed Mr E's account.

One of the consequences of Monzo closing Mr E's account was that his overdraft became repayable meaning he owed Monzo approximately £10,000 given that he also had a loan with them. I'm satisfied that Monzo emailed Mr E on 23 February 2023 to explain:

- that he needed to repay his overdraft and his loan;
- that he didn't have to do so immediately; and
- that repayment options needed to be agreed.

I'm satisfied that Monzo and Mr E exchanged emails for over a year before Mr E sent Monzo figures for his income and expenditure which showed he had a surplus of just over £400 a month. He did so in May 2024. That led to an agreement that he'd pay £150 a month from the end of June 2024 onwards towards the amounts he owed to Monzo. By then he'd already been defaulted. Mr E says that he was defaulted unfairly as Monzo closing his account prevented him from accessing his funds. In addition, he says each time he tried to speak to Monzo a different person answered. I'll deal with these two issues separately.

did Monzo closing Mr E's account prevent him from accessing his funds?

We've already said that Monzo didn't act unfairly when it closed Mr E's account. That may or may not have caused Mr E problems accessing his funds. But given that we've decided Monzo didn't act unfairly when it closed Mr E's account I can't say that what flowed from that was unfair. So, I don't agree that this can be a reason to say Monzo unfairly defaulted Mr E.

did Monzo's handling of the chat stop Mr E from agreeing a repayment plan?

I'm satisfied that Mr E sent Monzo details of his income and expenditure in May 2023 which showed that he had an overall deficit. I can see that Monzo explained this meant it couldn't put a repayment plan in place for him as his income and expenditure suggested he had no money left over to put towards a repayment plan. I can see Monzo asked Mr E whether he thought his circumstances might change to which, in June 2023, he replied yes he believed they would. In particular, he said that he had a contract that was due to start in July 2023 which would mean he'd earn between £1,800 to £2,500 a month for at least three months. I can see that Monzo asked Mr E how much he'd be able to repay after his contract started but didn't hear from Mr E for over three months. In the meantime, I can see that Monzo applied breathing spaces. In the circumstances, I don't agree that different agents dealing with the chat stopped Mr E from agreeing a repayment plan even if I do agree that there were times when he was asked to provide information that he'd already sent in. The reason why a repayment plan wasn't agreed until long after Mr E had been defaulted was because the information that Mr E sent showed he had an overall deficit meaning he had no money to put towards a repayment plan.

Given everything I've said, I agree with our investigator that Monzo didn't act unfairly when it defaulted Mr E. I, therefore, also agree that this isn't a complaint I can uphold.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 28 May 2025.

Nicolas Atkinson
Ombudsman