

The complaint

Mr F complains that Monzo Bank Ltd trading as Monzo, lent to him irresponsibly when they provided him with a revolving credit facility. He said they also failed to provide adequate support when he was struggling financially, and that they unfairly defaulted his account.

What happened

In late 2021, Mr F was provided with a flex account by Monzo. Monzo's flex account is a revolving credit facility that allows Mr F to transfer over transactions already made on a Monzo bank account; as well as allowing him to pay for transactions directly with retailers. The credit limit for his flex was set at £1,000.

In 2025, Mr F complained. In summary, he said Monzo had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken. He also said that Monzo had failed to provide adequate support to him when he was struggling financially, and that they unfairly defaulted his account.

Monzo didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the card had been provided, and the limit increases granted. So, they were satisfied they had lent responsibly. They also said that they were satisfied they offered sufficient support to Mr F, but that ultimately, based on Mr F's circumstances at the time, they were right to default his account.

Mr F disagreed; he still thought Monzo were wrong to have lent to him, and that they had unfairly defaulted his account. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, she didn't think Monzo had done anything wrong. In short, the Investigator said:

- The checks carried out by Monzo were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Monzo any cause for concern. And there was nothing that would have suggested to Monzo that Mr F was struggling financially, and/or wouldn't be able to afford the repayments towards the loan.
- Any financial struggles, which did materialise for Mr F later, wouldn't have been apparent to Monzo at the time they provided Mr F with the credit.
- Overall, with that in mind, Monzo hadn't acted unfairly or unreasonably in providing Mr F with this loan.
- She also thought Monzo had made sufficient attempts to contact Mr F to see what support could be provided when he was struggling. But, having been unable to reach

him, ultimately, she didn't think it was unreasonable for Monzo to move forward in defaulting his account.

Mr F disagreed; he maintained he'd been irresponsibly lent to and said that Monzo failed to provide adequate support when he was struggling. He wants the default removed.

So, as no agreement has been reached by the parties, Mr F's complaint has now 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, while this will no doubt disappoint Mr F, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr F was provided with the credit facility, required Monzo to carry out a reasonable and proportionate assessment. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr F. So, Monzo had to think about whether repaying the loan sustainably would cause him difficulties, or other adverse consequences. In other words, Monzo had to consider the impact of any repayments on Mr F.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Monzo did what they needed to before agreeing to lend to Mr F.

Here, before agreeing to lend, Monzo checked data recorded with Credit Reference Agencies ("CRAs"); and it relied upon information provided by Mr F in his application. I've been provided the results of Monzo's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"), with the last default being recorded over three years prior; nor was Mr F subject to an Individual Voluntary Arrangement ("IVA").

Monzo recorded Mr F's declared net monthly income at £1,438. Which they then validated using an income verification tool. And, from the credit check they completed, they noted that Mr F had just £40 in monthly commitments towards existing credit payments, and more than two years had passed since any of Mr F's credit had been either two or more payments in arrears. They also noted that he was living with parents at the time, and therefore had limited housing costs or utilities.

Monzo also used data based on Mr F's age and postcode to estimate the typical monthly spending habits of someone with Mr F's monthly income. And having done so, they concluded that Mr F had a little over £500 in disposable income to contribute towards his

Monzo payments. From this, they then took a further £125 buffer, so as not to leave Mr F with too limited a disposable income, leaving Mr F with approximately £380 available.

So, based on the information they obtained, and given the fairly modest credit limit provided, I think it was reasonable for Monzo to conclude that it was likely that a credit limit of £1,000, given the above, would have been affordable for Mr F. And there was nothing to suggest to Monzo, that Mr F was not now in a position to be able to sustainably repay the credit provided here.

Finally, I understand that Mr F has pointed out that he was a vulnerable consumer, and that he feels that more should have been done by Monzo to support him when he was struggling financially.

But the evidence provided, shows that Mr F, in April 2022, explained to Monzo that he wanted to pay his balance the following week, as he was currently not working and only receiving SSP. But despite this agreement, no payment was forthcoming. Monzo then attempted to reach out to Mr F to gain a further understanding of his financial situation before they were able to explore further support options with him, but again, received no response to their contact attempts.

In March 2023, a Notice of Sum in Arrears letter was sent to Mr F, and Mr F got in touch to explain that he was struggling to maintain his repayments. A few days later, Monzo's financial health team attempted to reach Mr F to discuss matters, but their message wasn't responded to, so Monzo were unable to determine what support was required.

Over the next few months, arrears continued to build on Mr F's account, so in early July 2023, Monzo issued Mr F with a Notice of Default. Mr F made Monzo aware he couldn't afford payments, so the following day, Monzo reached out to Mr F to ask him what impact losing his job was having on him.

Mr F explained that he'd been having some mental health issues and had not been able to work for some time. So, Monzo agreed to apply 'breathing space' onto Mr F's account, whereby they would stop taking automatic payments and would freeze his interest. During this period, Mr F would not be able to use his flex account. When applying the breathing space, Monzo also asked Mr F to complete a budget planner to help them more accurately assess his affordability. But they explained that the breathing space would not prevent his account from defaulting if he was unable to clear his arrears.

Monzo didn't receive a completed budget planner; and Mr F was unable to clear his arrears on the account; so, in July 2023, Monzo reported Mr F's account as in default. They explained that once Mr F was able to clear the £1020.04 owing, they would mark his default as satisfied.

I can see that in March 2024, Mr F completed a budget planner for Monzo, but Monzo felt the figures included weren't accurate and that there may have been some mistakes, having compared Mr F's expenditure to national averages. So, they requested, that Mr F either explain some of the figures, or complete a further planner. But it doesn't appear that further information was received.

I understand that this has been a difficult time for Mr F, and I'm sorry to hear of some of the issues Mr F has been struggling with. But ultimately, in July 2023, when Mr F was issued with a default notice, he was unable to pay what was owing, and Monzo didn't receive the required budget planner necessary in order for Monzo to reach a repayment plan agreement with him. So, in the circumstances, I don't think it was wrong of Monzo to default Mr F's account at this point.

Equally, while I appreciate this was a difficult time for Mr F, it does seem that there were several efforts on Monzo's part to try and engage with Mr F to see what could be done by way of payment arrangements; and requests were made for Mr W to complete budget planners to aid with this. So, I can't fairly conclude that Monzo failed to support Mr F when he was experiencing financial difficulty.

So, while I am sorry to disappoint Mr F; I know this won't be the outcome that he's hoping for, and I certainly don't mean to downplay the impact he's said this matter has had on him. But it's for the reasons I've explained that I don't think Monzo acted unfairly or unreasonably when they provided him with this credit facility. And I think they provided him with sufficient support when he was struggling financially. So, I'm satisfied they didn't act unreasonably when they chose to subsequently report his account as in default. So, for these reasons, I won't be asking Monzo to do anything further.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Monzo lent irresponsibly to Mr F or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that S140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 13 November 2025.

Brad McIlquham
Ombudsman