

The complaint

Miss M complains that Monzo Bank Ltd (“Monzo”) irresponsibly provided her with an overdraft.

What happened

In November 2024, Miss M applied for an overdraft with Monzo. The application was approved, and she was provided a limit of £1,000. To date, this limit hasn’t been increased.

In early 2025, Miss M complained to Monzo. She said she felt the lending was irresponsible, she’s a single mum of three with only access to benefits and having the overdraft has left her worried and depressed.

Monzo responded to the complaint. They didn’t uphold it. They said they’re confident they didn’t lend in an irresponsible manner. Miss M was unhappy with the response so she referred her complaint to our Service.

An Investigator here looked into things. They agreed with Monzo, that proportionate checks had been carried out, and a fair decision to lend was made based on all the information Monzo had at the time of application.

In response to the opinion Miss M said she’s a mother of three with expensive bills, she doesn’t have over £300 a month disposable income.

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.

Having done so, I’m in agreement with the Investigator, that Monzo haven’t treated Miss M unfairly. I know this is likely to disappoint Miss M, so I’ll explain my reasoning below.

The rules and regulations in place at the time Monzo provided Miss M with the overdraft required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an ‘affordability assessment’ or ‘affordability check’.

The checks had to be ‘borrower’ focused. This means Monzo had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss M. In other words, it wasn’t enough for Monzo to consider the likelihood of them getting the funds back or whether Miss M’s circumstances met their lending criteria – they had to consider if Miss M could sustainably repay the lending being provided to her.

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 was needed before lending to Miss M.

Monzo have said they used the information Miss M supplied at application stage, and did a credit reference agency (CRA) search to find out additional information regarding Miss M's existing credit commitments. They said they didn't closely monitor Miss M's account beforehand.

Miss M's overdraft was an open-ended agreement. In other words, while Monzo are required to periodically review the facility, there is no fixed end date and there's no fixed repayment amount. There's an expectation that Miss M would repay what she borrowed plus the interest due within a reasonable period of time.

CONC didn't (and still doesn't) set out what a reasonable period of time is. So, I think it's important to note that a reasonable period of time will always be dependent on the circumstances of the individual case. Although it's fair to say an overdraft limit of £1,000 will have required relatively modest credits in order to clear the full amount owed within a reasonable period of time.

When Miss M applied for an overdraft, Monzo gathered information regarding her financial circumstances. It recorded that she was self-employed and had an annual income of around £28,000 per year and had outstanding debt that cost her around £130 per month. Miss M had defaults at the time of application, and the most recent was recorded 22 months prior. Miss M said she had one dependent and was paying around £380 in rent. This was collated using the information Miss M declared at application, and an external credit check.

I believe the checks Monzo carried out were proportionate, and considering the amount being provided to Miss M, and the information they gathered in these checks, I don't think they acted unfairly when providing her with the overdraft. I say this because it was for a relatively modest amount of £1,000, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Miss M to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

While I note Miss M says she didn't have any income, Monzo verified a monthly income of around £1,900. I appreciate Miss M now says that's made up solely of benefits, but this alone wouldn't be a reason for Monzo to decline the application for credit. I understand Miss M says she's a mother of three and has expensive bills, but I need to think about what Monzo would've known at the point the overdraft was applied for. Monzo use 'typical' expenditure for customers in specific circumstances such as age, postcode etc. And Miss M declared one dependent, so I don't think Monzo were unreasonable when using the estimated expenditure they did.

I'm not disputing that Miss M was and is struggling financially. I appreciate it's causing her to feel worried and depressed. However I need to think about what Monzo ought reasonably to have been aware of when I look at the information they'd gathered at the time of application. And having done so, I can't reasonably say they've treated Miss M unfairly.

In reaching my conclusions, I've also considered whether the lending relationship between Miss M and Monzo might have been unfair to Miss M under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Monzo did not lend irresponsibly when providing Miss M with the overdraft. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Miss M, I won't be upholding her complaint against Monzo for the reasons explained above.

My final decision

It's my final decision that I do not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 1 January 2026.

Meg Raymond
Ombudsman