

The complaint

Miss C complains that Monzo Bank Ltd lent irresponsibly when it approved her credit card application.

What happened

Miss C applied for a Monzo credit card in July 2023. In her application Miss C said she had an annual income of £40,000 that Monzo calculated left her with a net monthly figure of £2,945. A credit search found missed payments and default information that was around 14 months old. The credit search also found Miss C had outstanding debts and was making monthly repayments of around £462 towards them. Monzo carried out an affordability assessment and used Miss C's declared rent figure of £500 in addition to an estimate for her regular outgoings of £901 a month as well as the cost of paying her existing debts. Monzo says Miss C had a disposable income of £612 a month which was sufficient to sustainably afford repayments to a new credit card with a limit of £3,000.

More recently, Miss C complained that Monzo lent irresponsibly in relation to both her credit card and an overdraft on her current account. Monzo issued a final response but didn't agree it lent irresponsibly to Miss C and didn't uphold her complaint.

Miss C referred her complaints to this service and they were passed to an investigator. The investigator upheld Miss C's overdraft complaint but wasn't persuaded Monzo lent irresponsibly when it approved her credit card application.

Miss C asked to appeal and pointed out she was party to a Debt Management Plan (DMP) via a nationally recognised debt charity during this time and that her monthly payments were being collected from the Monzo current account. Miss C also pointed out she already had a high level of debt repayments, was using her overdraft and that there were missed payments and defaults on her credit file when she applied for the credit card. As Miss C asked to appeal, her complaint has been passed to me to make a decision.

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.

Before agreeing to lend, the rules say Monzo had to complete reasonable and proportionate checks to ensure Miss C could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I understand Miss C was making payments to a DMP that started before her credit card application was made. But I think our investigator makes a reasonable point when they said the DMP wasn't shown on the credit file results obtained by Monzo. The credit file showed Miss C had some missed payments and default information that was 14 months old when her application was made. But Miss C's other debts were up to date when her application was made with repayments being maintained.

I've looked at the other information Monzo obtained. I can see it asked Miss C about her income and housing costs. Miss C confirmed her rent was £500 a month and that figure was used by Monzo in its affordability check. An estimate for Miss C's general living expenses of £901 a month was also used which appears reasonable to me. And Miss C's existing monthly repayments of £462 were also factored into Monzo's affordability assessment. Monzo also applied a buffer of £125 a month when assessing Miss C's affordability. In my view, the conclusion Miss C had around £612 a month remaining after covering her existing outgoings was reasonable based on the information Monzo obtained. I'm satisfied that a disposable income at that level would've been sufficient to sustainably afford a new credit card of £3,000.

I understand Miss C's point that her DMP payments were being collected from her Monzo bank account. But I haven't been persuaded it would've been proportionate to have expected Monzo to review the specific income and outgoings on Miss C's bank statements as I think the information it obtained indicated she was able to sustainably afford the new credit card.

In my view, the level and nature of checks Monzo carried out were reasonable and proportionate to the amount and type of credit it went on to approve. And I'm satisfied the decision to approve Miss C's application was reasonable based on the information Monzo obtained. I'm very sorry to disappoint Miss C but I haven't been persuaded Monzo lent irresponsibly when it approved her credit card application.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Monzo lent irresponsibly to Miss C or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 24 November 2025.

Marco Manente
Ombudsman