

The complaint

Miss O is unhappy that Monzo Bank Ltd recorded adverse information about her current account overdraft on her credit file.

What happened

Monzo closed Miss O's current account with an outstanding balance owed on her overdraft. It wrote to her on 1 May 2024, telling her how to repay what she owed. Monzo said if Miss O didn't pay them back, it will almost certainly record her account as in arrears and this would affect her credit score.

Miss O replied a few days later to say she couldn't pay the money she owes and asked how to get in touch to discuss her options. Monzo applied 'breathing space' to her account, which meant it wouldn't send her automated messages about repaying what she owed.

Miss O discovered Monzo had recorded missed payments on her credit file for May 2024. Monzo explained that if Miss O goes over her overdraft limit for more than 30 days, it would report the account as "in arrears".

Miss O began an agreed repayment plan to start on 30 July 2024, but then discovered her account had been marked as in arrears on her credit file in June and July 2024. Miss O complained to Monzo about the missed payments recorded on her credit file.

In its final response to the complaint, Monzo said it had previously told Miss O it would report her account as in arrears if it was over the agreed limit for more than 30 days. So, Monzo said it was right to record the account as in arrears for May and June 2024.

Unhappy with this response, Miss O referred her complaint to our service. She provided a copy of her credit report which showed Monzo had still recorded her account as in arrears for June and July 2024. However, Monzo provided information to show it reported Miss O's in account as in arrears only in May and June 2024, and from July 2024 it has been reported as in an arrangement.

One of our Investigators reviewed the evidence provided by both parties to this complaint, and didn't think it should be upheld. The Investigator said Monzo had provided evidence to show it was reporting arrears only in May and June 2024, as it was entitled to do. The Investigator didn't think Monzo had treated Miss O unfairly. Miss O disagreed, saying she wasn't given a time frame for paying back what she owed when her account closed. So, this has come to me for 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.

The guidance given by the Information Commissioner's Office sets out that a credit file must be a true and accurate record of the account. The terms and conditions of Miss O's account

set out that Monzo will share information about her account with the credit reference agencies. Monzo has provided evidence to show it is recording the account as in arrears for May and June 2024, so I have considered whether this is correct.

After Miss O's account closed, her overdraft became repayable and she was, effectively, over her agreed overdraft limit. No payments were made into the account until 31 July 2024, so the account remained over its agreed limit and I think Monzo was right to record that the account was in arrears for May and June 2024.

Miss O says Monzo didn't explain it would record the account as in arrears. Monzo did tell her it would report her account as in arrears if she didn't pay them back, but I agree it didn't tell her it would report the arrears after 30 days. It's not clear that Miss O would have been able to repay the outstanding balance in May or June 2024 if this had been explained to her. Miss O had been provided with the account details to pay, but she said she couldn't afford this and asked for a payment plan. So, even if Monzo had explained it would report her account as in arrears if the debt was not repaid within 30 days of the account's closure, I don't think the evidence shows Miss O would have repaid the debt in time to avoid arrears being reported.

In mid-June 2024, Monzo did explicitly say that if Miss O was over her overdraft limit for more than 30 days, it will be reported as in arrears. However, Miss O still asked to start her repayment plan at the end of July 2024. So, I think it is right that her account was recorded as in arrears in June 2024.

Monzo went on to record the arrangement to pay from July 2024 which I think is an accurate reflection of the account history. I note Miss O says her credit file is showing the arrears for June and July 2024, but Monzo has said it is correctly reporting the account history and it may be that the credit reference agency is showing data delayed by one month. Overall, I've seen nothing that shows Monzo is recording incorrect information on Miss O's credit file. As the information is correct, it is under no obligation to amend her credit file.

My final decision

I realise my decision is likely to disappoint Miss O, but I have not upheld her complaint for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 7 October 2025.

Victoria Blackwood
Ombudsman