

## The complaint

Mr S complains that Monzo Bank Ltd (Monzo) was irresponsible for approving a personal current account overdraft, as it was unaffordable for him. Mr S also complains that the cost of monthly fees means he's now unable to repay the overdraft.

## What happened

Mr S has had a personal current account with Monzo for several years. On 12 January 2023 Mr S applied for – and Monzo approved – a personal current account overdraft facility of £500. The credit limit of the overdraft was changed as follows:

Date	Credit limit
23 January 2023	£1,000
April 2023	£1,500
November 2023	£2,000
July 2024	£1,400
14 September 2024	£1,550
19 September 2024	£1,600
19 September 2024	£1,650
21 September 2024	£1,750
30 September 2024	£1,850
7 October 2024	£1,900
15 October 2024	£1,950
18 October 2024	£2,000

In 2025, Mr S complained that Monzo had been irresponsible in approving the overdraft facility, and that the monthly fees applied to the overdraft meant he was unable to repay it.

In its final response, Monzo said it thought it had dealt with Mr S fairly and reasonably. Mr S wasn't happy with Monzo's final response, and referred the complaint to our service. One of our Investigators considered Mr S's complaint, and didn't uphold it, meaning they didn't agree that Monzo needed to do anything different to resolve the complaint. Mr S

disagreed with our Investigator's opinion.

As the case couldn't be resolved, it comes 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.

I've considered the relevant rules and guidance on responsible lending issued by the FCA, and explained in the consumer credit handbook (CONC). In summary, these say that before Monzo approved the overdraft – or increased its limit – it needed to complete reasonable and proportionate checks to satisfy itself that Mr S would be able to repay the debt in a sustainable way, without borrowing further elsewhere. As this was an open-ended account Monzo needed to consider whether Mr S would be able to repay the debt within a reasonable period. It also had a duty to review the account regularly to ensure the overdraft continued to be affordable for Mr S.

### **Approving the overdraft and credit limit increases in 2023**

As I've explained above, prior to approving the overdraft – or increasing its limit – Monzo needed to conduct proportionate checks to satisfy itself on each occasion that the limit would be sustainably affordable for Mr S.

On each occasion, Monzo recorded that Mr S's monthly income was £2,763. Monzo estimated Mr S's payments to his other debt commitments to be £318 in January 2023, increasing to around £830 in April and November 2023. Monzo estimated Mr S's essential monthly outgoings to be between around £1,048 and £1,196. It therefore calculated he had a disposable income of around £633 to £1,154.

The information from credit reference agencies also demonstrated that Mr S hadn't been two or more payments in arrears on any of his accounts in over a year.

It seems that Mr S's current account with Monzo was his main account, which he used for day-to-day spending, I would also have expected Monzo to consider the information in Mr S's bank statements. I've therefore considered Mr S's bank statements, and they demonstrated that his average income in the three months prior to when the personal current account overdraft facility was approved, and each time the limit was increased, was as he declared in the application. I've not seen that Mr S's essential expenditure (on items such as food, utilities, travel etc) was significantly different to Monzo's estimate.

Considering this, I agree that Monzo conducted proportionate checks, and it reasonably considered that the overdraft limits of £500 up to £2,000 were sustainably affordable for Mr S.

### **Credit limits approved in 2024**

Monzo has told us that the information from the credit reference agency demonstrated that Mr R's monthly income was around £2,763 in July 2024, increasing to around £3,267 in September and October 2024.

Monzo estimated Mr R's payments to his other debt commitments to be between around £827 in July 2024, increasing to £1035 in October 2024. Mr R declared his monthly

accommodation costs to be £300, and Monzo estimated his essential monthly outgoings to be between around £945-£1,075. It therefore calculated he had a disposable income of between £630-£770 on each occasion.

The information from credit reference agencies also demonstrated that Mr R hadn't been two or more payments in arrears on any of his accounts since the overdraft facility was approved.

As it seems Mr R's current account with Monzo was his main account, which he used for day-to-day spending, I would also have expected Monzo to consider the information in Mr R's bank statements. I've therefore considered Mr R's bank statements, and found that his average income in the three months prior to when the personal current account overdraft facility was approved, and each time the limit was increased, was as he declared in the application (or higher). I've not seen that Mr R's essential expenditure (on items such as food, utilities, travel etc) was significantly different to Monzo's estimate.

Considering this, I agree that Monzo conducted proportionate checks, and it reasonably considered that each of the overdraft limits of £1,400 to £2,000 were sustainably affordable for Mr S.

### **Ongoing use of the overdraft facility**

As I've explained above, Monzo also had a duty to regularly review the overdraft facility, to ensure it continued to lend responsibly to Mr S.

The statements demonstrate that Mr S was using the overdraft frequently from its inception. The statements demonstrate a mix of essential and discretionary spending. I've not seen anything that would suggest that Mr S was experiencing financial stress – such as returned direct debits, or use of short term lending.

Monzo sent Mr S messages informing him of his overdraft use, and also explained how he could contact it to discuss his options. I believe it was reasonable that Monzo contacted Mr S about his overdraft usage.

After Mr S made his complaint, Monzo offered to arrange a payment plan with him to reduce the credit limit of the overdraft facility over time. Mr S said he didn't want to set up a payment plan, as he didn't want it put on to his credit file. Discussing Mr S's options with him is what I'd expect Monzo to do. And, if Monzo agreed a payment plan with Mr S, I'd expect it to be put on to his credit file.

As I mentioned above, the statements demonstrate a mix of essential and non-essential expenditure. So, I'd agree that Mr S could have used some of the funds from his non-essential expenditure to reduce his overdraft facility over time – if he wanted to. Accordingly, I don't agree Mr S's use of the account warranted Monzo to intervene and do anything further than it had already done.

I've also considered whether the relationship might have been unfair under s140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't agree Monzo lent irresponsibly to Mr S or otherwise dealt with them unfairly as part of this complaint. 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.

Although I agree Monzo has dealt with Mr S fairly as part of this complaint, I would like to remind it that it should continue to do so. If Mr S would now like to check what payment arrangements, or any other options are available, he can contact Monzo.

Mr S may also benefit from independent debt advice. Mr S can get free, independent, debt advice from StepChange or National Debtline.

### **My final decision**

My final decision is that I don't uphold this complaint, meaning I don't agree that Monzo needs to do anything different to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 November 2025.

Frances Young  
**Ombudsman**