

The complaint

Mr M complains Monzo Bank Ltd has unfairly defaulted him.

What happened

Mr M had two accounts with Monzo – a current account with an overdraft and an account with a credit limit. He has accounts elsewhere too.

In September 2022 Mr M entered into a debt management plan that included his accounts with Monzo. He's told us that he's had mental health problems for many years and these made it difficult for him to, among other things, manage his finances. He told Monzo this too.

In 2025 Mr M cleared the outstanding debt he owed Monzo. He subsequently asked Monzo to remove two defaults it had registered in relation to his accounts as a gesture of goodwill. Monzo said it was able to register his accounts as having been satisfied but not able to remove the two defaults. Mr M complained to Monzo and then complained to our service. He said Monzo hadn't acted fairly and that it should remove the two defaults.

One of our investigators looked into Mr M's complaint. Having done so, they didn't recommend it be upheld as they thought Monzo had acted fairly – initially applying breathing spaces whilst it waited to hear from the debt management company that was helping Mr M and then applying defaults once his arrears justified that.

Mr M was unhappy with the actions of the debt management company he'd sought help from – he said that it hadn't passed on all of his payments to his creditors – and remained unhappy with Monzo. He said Monzo should have treated him differently as a vulnerable customer. He, therefore, asked for his complaint against Monzo to be referred to an ombudsman and complained to the debt management company with a view to complaining to our service if appropriate.

Mr M asked for the referral of his complaint against Monzo to be put on hold whilst he obtained information from the debt management company he'd sought help from. His complaint has since been passed to me.

One of our investigators is currently looking into Mr M's complaint against the debt management company. I plan to say little, therefore, about the debt management company and what it did.

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 seen a copy of the debt management plan that Mr M entered into and, more importantly, the amounts he owed Monzo (and others) and the repayments proposed. I'm satisfied that Monzo – given the amounts it was owed and the repayments proposed – would have defaulted Mr M's account at some stage even if the debt management plan had been implemented without error. I'm not making a finding that the debt management company made any errors – that's something for the investigator who is looking into Mr M's complaint against that debt management company to decide. I'm simply making a finding – subject to what I'm about to say – that Mr M's accounts with Monzo were at some point or other going to inevitably default. I, therefore, agree with our investigator that Monzo didn't act unfairly when it defaulted Mr M.

I can see that Mr M has asked Monzo to remove the defaults as a gesture of goodwill given that he's now cleared the amounts he owed Monzo – he did so in 2025. He's said that Monzo should do so in recognition of the fact that he was vulnerable at the time he got into difficulties. It's good to see that Mr M has been able to deal with the debts he had, but I agree with our investigator that the information on Mr M's credit file in relation to Monzo is a fair reflection. I, therefore, agree that this isn't a complaint I can uphold.

My final decision

My final decision is that I can't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 March 2026.

Nicolas Atkinson
Ombudsman