

The complaint

Mr C complains that Monzo Bank Ltd (Monzo) lent to him irresponsibly and has asked it to write off the loan.

What happened

On 15 March 2024, Mr C entered into a finance agreement with Monzo as shown below:

Date	Amount of credit	Term	Monthly payment	Total repayable
15 March 2024	£16,000	60 months	£358	£21,302.68

Mr C complained to Monzo saying that he didn't think Monzo should have provided him with the above loan. He explained it was unaffordable at the time and his current situation meant that he wasn't able to repay the loan.

Monzo looked into the complaint and issued a final response letter saying it had considered the above loan and an earlier loan for £3,500. It didn't consider that it had made a mistake with the first loan of £3,500 but agreed that it did lend to Mr C irresponsibly when it provided the £16,000 loan. As a result, it said it would refund the interest and charges already applied to reduce the outstanding balance, and would waive any future interest and charges. It also applied £50 compensation to Mr C's Monzo account.

Mr C didn't think Monzo's decision to refund interest and charges was fair and said given his current circumstances and medical conditions he felt the loan should be written off. As Monzo had declined to do this, he referred his complaint to our service.

One of our investigators looked into the case but didn't think Monzo had acted unfairly. She said the outcome Monzo had reached was in line with what this service would expect and so she didn't ask Monzo to do any more.

Mr C didn't accept what our investigator said, so as there was no agreement, 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 agree with the outcome the investigator reached for broadly the same reasons.

Monzo's findings about whether its lending decisions were fair aren't in dispute here, but there is a disagreement about how Monzo should put things right. So, my decision will focus on whether I think Monzo's remedy is fair in the circumstances.

I'm truly sorry to hear of the ongoing difficulties Mr C has faced with both his physical and mental health and I hope he's been able to get the help he needs to manage his conditions.

Where a customer has had the benefit of a capital sum, we would generally considerate fair for that sum to be repaid. However, Mr C has told both Monzo and this service about his health problems and why he thinks the loan should be written off as a result.

So, I've considered carefully whether Monzo made a fair decision in light of the information Mr C shared with them about his health and the possibility of him being able to repay the capital debt. Whilst I don't doubt what a difficult time Mr C has had; I'm not persuaded on the evidence available to it Monzo's decision not to write off the debt was unfair.

I understand Mr C has had a significant change of circumstances recently and that has impacted his ability to repay the capital balance. And his circumstances at the time of the complaint meant he wasn't able to make repayments to the loan. However, the medical evidence that Mr C has provided doesn't clearly show that he won't be able to work again because of the conditions he was under investigation for. I also can't see that it indicates in some other way that Mr C has no prospect of being able to repay the debt in the future. So, whilst I understand Mr C's position, I don't think Monzo has acted unfairly in declining to write off the debt, based on the evidence available to it at the time.

In circumstances where it's been identified that a lending decision is unfair, we would expect a business to refund any interest and charges applied to the lending. This means, where there is an outstanding debt (as there is in this case) the customer would only be left with the remaining capital to repay through a suitable repayment plan. I can see that Monzo discussed an arrangement with Mr C as part of a wider debt management process, and this seems like a reasonable course of action in the circumstances.

I understand that this won't be the answer Mr C was hoping for but based on what I've seen, I don't think Monzo has acted unfairly in how it's offered to put things right. But if Mr C has new evidence or his circumstances change again, I would remind Monzo of its responsibility to review the situation afresh.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 September 2025.

Charlotte Roberts
Ombudsman