

Complaint

Mrs B has complained about a personal loan Monzo Bank Ltd (“Monzo”) which she says was unfairly lent to her. She says the loan was unaffordable as she already had a high amount of existing credit.

Background

Monzo provided Mrs B with a loan for £5,000.00 in May 2025. This loan had an APR of 32.8% and a 24-month term. This meant that the total amount to be repaid of £6,621.62, which included interest, fees and charges of £1,221.62, was due to be repaid in 23 monthly instalments of £277 followed by a final instalment of £250.62.

Mrs B has also complained about other products that Monzo provided to her. However, we’ve already explained that we’re considering her complaints about those products separately. And we’ve solely considered Mrs B’s complaint about her loan in this case.

One of our investigators reviewed what Mrs B and Monzo had told us. She thought that Monzo hadn’t done anything wrong or treated Mrs B unfairly when it provided this loan and so didn’t recommend that the complaint be upheld.

Mrs B disagreed with our investigator and asked for an ombudsman to review the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mrs B’s complaint.

Having carefully considered everything, I’m not upholding Mrs B’s complaint. I’ll explain why in a little more detail.

Monzo needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Monzo needed to carry out proportionate checks to be able to understand whether Mrs B could afford to make her repayments before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect

a lender to be able to show that it didn't continue to provide loans to a customer irresponsibly.

Bearing in mind Mrs B's responses to our investigator's assessments, it may also help for me to explain that the fact that the information Monzo had may not match what a forensic review of her bank statements would show doesn't mean that it was irresponsible for it to lend. I say this because it is for a lender to determine the checks that it wishes to carry out. There is no requirement to obtain bank statements from a prospective borrower before a lender lends to them.

Monzo says it approved Mrs B's application after she provided details of her annual income, which it cross checked against information from credit reference agencies on the amount of funds going into her main bank account each month and some information on her expenditure. It says it cross-checked Mrs B's expenditure declaration against some statistical data and information on a credit search that it carried out which also showed that her existing commitments were reasonably maintained.

In Monzo's view all of the information it gathered showed that Mrs B could afford to make the repayments she was committing to. On the other hand, Mrs B has said she already owed a significant amount and couldn't afford this loan.

I've carefully thought about what Mrs B and Monzo have said.

As Monzo asked Mrs B about her income and some information about her expenditure while also carrying out a credit check, it's clear that Monzo did obtain a reasonable amount of information before it decided to proceed with Mrs B's application. Having looked at the credit check, I can't see that Mrs B had experienced any recent significant adverse difficulties such as having any defaulted accounts or County Court Judgments recorded against her.

I accept Mrs B says she experienced difficulty making the payments. I also note that Mrs B has said Monzo used an incorrect monthly income when assessing her ability to make her repayments. I've thought about what Mrs B has said. But Monzo could only make a reasonable decision based on the information it had available at the time. The monthly income amount used was based on the annual income figure Mrs B provided as part of her application. Equally, as Monzo's checks suggested that this figure was plausible, I can't reasonably say that it was unreasonable for Monzo to have relied on what Mrs B said.

Given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended into the further than what Monzo did do here. As this is the case, I don't think that Monzo did anything wrong when providing this loan to Mrs B - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

In reaching this conclusion I've also considered whether the lending relationship between Monzo and Mrs B might have been unfair to Mrs B under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Monzo irresponsibly lent to Mrs B or otherwise treated her unfairly. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I'm satisfied that Monzo didn't treat Mrs B unfairly. I accept that Mrs B says that the information Monzo had was inaccurate. However, I'm satisfied that it carried out reasonable and proportionate checks and as the information

gathered showed that the repayments were affordable, it was reasonable for it to lend to her. I appreciate this is likely to be very disappointing for Mrs B. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Mrs B's complaint, I would remind Monzo of its obligation to exercise forbearance and due consideration, given what Mrs B has now said, should she experience difficulty making her payments over the remainder of the loan.

My final decision

For the reasons I've explained, I'm not upholding Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 February 2026.

Jeshen Narayanan
Ombudsman