

## **The complaint**

Miss W complains that Monzo Bank Ltd closed her account, caused her to go into her unarranged overdraft, and incorrectly reported her credit history to the credit reference agencies.

## **What happened**

Miss W held a current account with Monzo, with a £600 overdraft facility. From around June 2022, the account became regularly overdrawn at close to its £600 limit. Miss W has said she used Monzo's monthly text messages as a prompt to pay money into the account to meet its monthly overdraft charges.

From March 2023, Monzo began trying to contact Miss W by text, asking her to update her information within her app, warning her it would restrict her access to the app if she didn't comply. However, Miss W has told our service she had no access to her app or email address at the time due to her email being hacked, and so was unable to do as Monzo asked. As Miss W's information wasn't updated, Monzo removed her access to the app's banking functionality in June 2023, though she was still able to receive money and use her card.

Monzo continued to try and contact Miss W by text, letting her know she needed to open the app and answer its questions. If she didn't, it said it would close her account. Miss W has said she attempted to contact Monzo during this period to update her details but found it difficult to get a response. Several reminders followed Monzo's initial account closure notification, but as Miss W didn't update her information, Monzo closed the account on 16 January 2025. The account entered its unarranged overdraft shortly after, and no payments were made to reduce the overdraft balance in the period that immediately followed. As a result, Monzo reported a late payment to the credit reference agencies.

When Miss W became aware of the late payment report on her credit file, she contacted Monzo with her new email address to complain. However, there was an issue in setting up the complaint, and, as Miss W didn't hear anything back about her complaint, she contacted Monzo again – this time by phone. During the call, Miss W expressed unhappiness that Monzo reported a missed payment to the credit reference agencies. She said she didn't want to agree to an arrangement to repay the outstanding balance of her overdraft as she didn't think Monzo should be able to record a late payment if she didn't have an agreement or credit card.

Monzo sent its final response letter to Miss W's old email address on 16 May 2025. It didn't uphold her complaint. It said it was required to report information to the credit reference agencies, and didn't think it had done anything wrong. It also addressed Miss W's unhappiness at not receiving a notification text regarding her overdraft limit being exceeded. It explained it was Miss W's responsibility to make any repayments owed before the due date of that payment. It said it didn't send further notifications following the closure of her account, as per its usual process, and said it had notified her of how she could make repayments in the notices it sent detailing her account closure.

Miss W brought the complaint to our service for review, but our Investigator didn't uphold her complaint. The Investigator was satisfied appropriate notice had been given for the account closure, and that Monzo acted in line with its obligations and terms in its decision to close the account. The Investigator was persuaded that Monzo first became aware of Miss W's new email address in April 2025 – after the closure of the account – and that Monzo had been unable to locate any related correspondence before this date. She also noted Miss W had confirmed receipt of Monzo's texts and so would have been aware of the need to update her details to prevent the account's closure.

The Investigator found that, as Miss W's account didn't receive payments to cover the overdraft costs in February and March 2024, Monzo had reported to the credit reference agencies fairly, and in line with the terms of the account. Further, the Investigator was able to find contact details for Monzo online, which she said Miss W could have used to contact Monzo sooner.

The Investigator noted that since Miss W had brought the complaint to our service, Monzo had offered her £100 for not raising the complaint sooner, sending the final response to Miss W's previous email address, and providing unclear information during some of its calls with Miss W. The Investigator found this offer fairly made up for any detriment caused.

Miss W wasn't satisfied with the Investigator's view. She said she had contacted Monzo in 2023 when she found she couldn't access her app, and that Monzo knew she couldn't access her email account. She said she had since found it very difficult to repay the overdraft with Monzo due to it being hard to contact. She explained further negative information had been recorded on her credit file, despite her attempts to pay money into her account. Miss W believed much of the problem had been caused by Monzo's decision to no longer text her after the account had closed. She said if Monzo had acted on her request for help in 2023, her account may never have been closed.

The Investigator passed Miss W's response to Monzo for comment. Monzo said Miss W would still have been able to email or phone Monzo following her app's restriction in 2023, but it was unable to find record of any contact from her in 2023 about the restrictions or regarding a request to update her email address. It said it had been in contact with Miss W about a payment plan, but she was yet to set up one.

Following Monzo's response, the Investigator wrote to Miss W again. She explained that without supporting evidence of her contact with Monzo in 2023, she was unable to find Monzo had made any error. She noted that while £15 credited Miss W's account on 3 January 2025, a payment of £10 didn't reach the account as it had closed by the time the credit was attempted. The Investigator stood by her earlier position that £100 was a fair way to settle the complaint.

Miss W disagreed with the view. She maintained that she had tried to contact Monzo previously, and reiterated her point that her credit file had been unfairly impacted. As no agreement could be reached, the case was 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 will be upholding this complaint in part. However, as I won't be directing Monzo to do anything in relation to Miss W's credit file, I realise my decision will likely come

as a disappointment. I've set out my findings below.

I would first like to explain that my role here is to think about the individual circumstances of this complaint and decide whether Monzo did something wrong which caused Miss W to lose out. If I think it did, I can then consider what – if anything – Monzo should do to set matters right. In reaching my conclusions, I've taken an independent view of the circumstances, and have considered all relevant rules and regulation, as well as what I believe to be good industry practice. But I have ultimately decided this case on what I believe to be fair in all the circumstances of this complaint. And while I can understand why Miss W believes Monzo should have done more for her, I can't fairly say it got things wrong.

I should also mention that I've taken into account all of Miss W's submissions regarding the complaint issues this decision covers. But if there's something I've not mentioned, it isn't because I've ignored it – I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Finally, before proceeding with the reasoning for my decision, I would like to point out that our service must give a financial business the chance to address a complaint about it first. In this instance, although Monzo had looked into Miss W's concerns around the account closure and impact to her credit file, the issue relating to the arrangement of a payment plan hadn't fully been considered by Monzo prior to our Investigator's view. This was due to the issue evolving further while the complaint was already with our Investigator. As such, Monzo has agreed to issue a further final response to Miss W on this point, meaning this decision is primarily concerned with matters relating to Miss W's account closure, her overdraft and Monzo's initial reporting to the credit reference agencies. If Miss W is dissatisfied with Monzo's response about elements relating to a payment plan, she is free to bring that complaint to our service once Monzo has had the required time to look into things.

Broadly speaking, financial businesses can decide to no longer offer customers banking facilities, but they must do so fairly, with sufficient closure notice for the circumstances, and in line with their terms and conditions. Here, Monzo's terms allow for it to close Miss W's account for the reasons it did, and I'm satisfied it acted fairly in that regard. I can see appropriate notice was given, and I am pleased to see it sent Miss W several text reminders for her to provide the information Monzo needed.

While I appreciate Miss W's comments about being unable to access her email account or app, it remains that Monzo sent text messages to Miss W and so I'm persuaded she had cause to know action was required to prevent both the restriction of her app and the closure of her account. Neither party have been able to provide evidence to show Miss W contacted Monzo about these matters prior to the closure of her account, and so I'm unable to safely find Monzo had reason to know Miss W needed its assistance.

As had already been noted during this complaint, it was for Miss W to ensure any outstanding balance was repaid. And while I acknowledge that Monzo's text messages had previously reminded her of the need to credit her account, I don't think Monzo was wrong to remove this service upon the withdrawal of Miss W's banking facilities, particularly given its apparent intention to exit its banking relationship with her.

In the period leading up to its closure, Miss W's account had little activity beyond the credits she made to meet the monthly overdraft charge. Charges were due at the start of each month, as per Monzo's terms, and so I'm unable to conclude Miss W wouldn't have been aware of the likely need for payment. Monzo's terms warn customers that they'll need to pay any charges on the 1<sup>st</sup> of the month and that, if they don't, Monzo may report that they're

behind on their overdraft payments. As such, while I realise Miss W will disagree, I can't say Monzo was wrong in its reporting to the credit reference agencies.

Finally, I've thought about the service failings which Monzo has accepted, as well as its offer of £100 to address any impact here. Monzo accepts it gave Miss W some unclear information, and that there were problems with her complaint. Aside from some service-related inconvenience, I'm not of the opinion that Miss W's position has been materially affected by a failing on Monzo's part. And despite issues with the information it gave and with Miss W's complaint being set up, ultimately, she has been able to bring her complaint to our service for review.

I consider Monzo's offer of £100 to be fair in all the circumstances of the complaint I have considered. And so, while I realise this won't be the answer Miss W wanted, I won't be directing Monzo to do anything more than what it has already offered to do.

### **My final decision**

My final decision is I uphold this complaint in part. I direct Monzo Bank Ltd to pay Miss W £100, less anything already paid in relation to this complaint, within 28 days of her acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 5 February 2026.

James Akehurst  
**Ombudsman**