

The complaint

Mr P complains about the difficulties he experienced trying to repay his outstanding overdraft balance after Monzo Bank Ltd closed his account.

What happened

In late December 2023 Monzo wrote to Mr P explaining they would be closing his account in two months' time. His complaint stems from the difficulties he experienced trying to set up a repayment plan for his overdrawn balance after he explained to Monzo, in mid-January 2024, that he couldn't afford to repay it at once.

Mr P also complained he received confusing messages from Monzo once a repayment plan was set up, and this contributed to him being unsure of what he owed and when. Monzo said Mr P's repayment plans were cancelled as his payments weren't made on time. And their messages detailed varying amounts due to the payments Mr P made towards his outstanding balance.

Our Investigator didn't think Monzo had treated Mr P unfairly when they closed his account. However, he felt their service fell short when there were delays in setting up a repayment plan and said Monzo should pay Mr P £75 in recognition of the distress and inconvenience he experienced. Regarding the ongoing issues with Mr P's repayment plan, our Investigator said they were satisfied Monzo had been in communication with him about it.

Mr P disagreed with our Investigator, so his complaint was passed to me for a decision.

I issued my provisional decision and explained I was minded to increase the award to resolve this complaint. Both parties had until 26 September 2025 to respond.

Monzo didn't come back to me, and Mr P largely agreed. However, he reiterated that Monzo's delays impacted his ability to remortgage on a more advantageous rate and that they sent confusing messages about what he owed under his repayment plan.

I've taken on board Mr P's additional comments, but I consider the award I suggested goes far enough to resolve things, so my decision has remained the same.

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 considered everything, I'm upholding Mr P's complaint. I'll explain my reasoning below.

When bringing his complaint to our service, Mr P made it clear his main concern was about the level of customer service he received after being told Monzo was going to close his account. However, as the closure of his account formed part of his initial complaint raised

with Monzo and it was addressed by our Investigator, I'll briefly do the same here for completeness.

The terms and conditions of Mr P's account said Monzo could close it by giving at least two months' notice. I've seen a copy of the email sent to Mr P in late December 2023 explaining his account would be closed, and it gave him two months' notice. I appreciate Monzo didn't explain the reasons for the closure. However, this isn't something they obligated to do. So, I don't think they treated him unfairly when they closed his account.

I do think the level of customer service Monzo provided fell short after this. I've been provided with a transcript of Mr P's chats with Monzo via their banking app messaging service and the emails between the parties. From this, it's clear that Mr P first told Monzo he couldn't afford to repay his overdraft in full on 18 January 2024. And it was disappointing to see Monzo's responses failed to adequately acknowledge this and their delays in responding to Mr P.

Despite Mr P making it clear he needed support to repay his overdraft, it was disappointing to see he frequently had to repeat himself regarding his request for support and chase updates and responses from Monzo's Specialist Team.

Monzo said they offered to put a plan in place on 7 March 2024, but Mr P didn't co-operate with them, which contributed to the delays. And our Investigator agreed. However, I don't agree that's an accurate reflection of the circumstances. That's because by that time, Mr P was understandably frustrated from not being heard, receiving what seemed like generic responses, and was finding it more difficult to communicate with Monzo because he no longer had access to the banking app because his account had been closed. And despite raising complaints about the level of service he had been receiving; Mr P still wasn't receiving clear answers or acknowledgements to his concerns. So, I can completely understand why he wanted all the points he'd raised to be addressed so that he understood what was happening and the next steps. However, he still co-operated with Monzo and responded to their questions on 7 March 2024. And after Monzo asked if he wanted to self-manage on 16 March 2024, he responded three days later confirming that he did. He also asked for the budget assessment Monzo had previously mentioned as it hadn't been proactively provided to him.

I also can't ignore that he appeared to be asked the same questions multiple times, despite providing answers relatively quickly, and explaining how stressful he was finding the situation. Although Mr P had explained he was experiencing financial difficulties and found the text messages and emails from Monzo stressful, they continued to request information in ways that did not appear to be pragmatic – nor mindful of the impact this situation was having on him. So, I don't agree more fault lies with Mr P in a repayment plan not being set up before 27 May 2024. Instead, I consider Monzo's delays in responding and actions were the main contributing factor in the time it took for the first repayment plan to be set up.

Mr P says the delays in setting up the payment plan impacted his ability to remortgage at a cheaper rate. However, I've not seen anything to show that Monzo's delays were the only reason Mr P didn't get the rate he hoped for – or expected. However, I do accept that Monzo's delays would have caused Mr P avoidable worry and concern about remortgaging, so that is something I'd already taken into consideration when I issued my provisional decision.

Given the above, I don't think it would be fair for Monzo to continue reporting any negative information about the overdraft before the May 2025 repayment plan was set up. In addition to this, I think an award of £200 is more appropriate to reflect the distress and inconvenience Mr P experienced due to Monzo's delays, and poor level of communication up to that point.

Where I don't agree with Mr P's position on this complaint is regarding Monzo's actions once the repayment plan was in place. Monzo emailed Mr P confirming the agreed monthly repayments, when the payments were due (which was a date he chose), and the account details of where the payments needed to be made. This was set out clearly, so Mr P had the information to understand what he needed to pay and when. Monzo has also sent evidence that they sent Mr P text messages when payments were due. So, I don't agree Monzo were at fault when he didn't make the payments on time.

Mr P has also said Monzo sent confusing information about what he owed. However, the information they sent regarding his outstanding balance or what he still needed to pay was determined by the payments he made. While his repayment plan was for £85.31 on the 30th of each month from June 2024 to May 2025, I've seen evidence that suggests he didn't always pay this amount, he sometimes paid less or more. So, when Monzo messaged him about what he owed, the amounts they quoted would vary due to the amount Mr P had paid. I've seen nothing to suggest Monzo told Mr P or implied the terms of his repayment plan were changing. So, I can't say they're to blame if Mr P chose to pay differing amounts.

The evidence I've been provided also suggests Mr P didn't always adhere to the plan, so again – and for the reasons above, I don't think they treated Mr P unfairly when they ended it. In turn, if Mr P not adhering to the plan resulted in negative information being reported to credit referencing agencies (CRAs), I don't think that's unreasonable. Monzo are expected to report accurate information to CRAs about the way Mr P manages his outstanding balance. And as I consider Mr P had the information he needed to adhere to the plan, they did what I'd expect of them.

As Mr P had use of the funds from his overdraft and took it on the understanding it would need to be repaid, I think it's fair he repays what he owes – as he always intended to do since January 2024. If a repayment plan isn't in place and an outstanding balance is still owed, I'd expect Monzo and Mr P to co-operate with each other to get one put back in place. So, Mr P should contact Monzo about this, and I'd expect Monzo to promptly and pragmatically respond setting out everything they need to get a plan in place – including the necessary budget assessment if that needs to be completed again.

In light of the above, Monzo needs to take steps to put things right.

Putting things right

To put things right, Monzo Bank should:

- Remove any adverse markers added to Mr P's credit file regarding his overdraft from 27 February 2024 up to and including 27 May 2024.
- Pay Mr P £200 in recognition of the distress and inconvenience caused by their delays and protracted communications regarding the setting up of a repayment plan.
- Co-operate with Mr P if he contacts them to set up a new repayment plan for any outstanding balance of his overdraft.

My final decision

My final decision is that I'm upholding Mr P's complaint and Monzo Bank Ltd should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or

reject my decision before 28 October 2025.

Sarrah Turay
Ombudsman