

The complaint

Mr W complains that he signed up for the 1p savings challenge with Monzo Bank Ltd but the transfers have failed to be made automatically.

What happened

Mr W signed up for the 1p savings challenge where transfers to a savings account are made daily increasing by 1p each day. Mr W started to get messages saying a transfer couldn't be made because he didn't have the money available. Mr W called Monzo because his app was showing available funds on his account. Monzo said he didn't have available funds because he was using his overdraft. He raised a complaint.

Monzo sent a final response letter explaining that the transfers would only be made if the account was in credit. It said the terms and conditions say "if you don't have enough money in your personal account we'll keep trying for three consecutive days. If you still don't have enough money in your personal account on the third day, we'll pause the challenge until you tell us to start again". It explained the overdraft was a borrowing product and is money owed to Monzo so the money isn't available. It made the point if it allowed the transfers to go through, Mr W would be paying interest to participate in the challenge which isn't the intention.

Mr W disagreed with Monzo. He said his app showed he had available funds and so he's being treated unfairly by Monzo and it's causing him distress to keep getting notifications. He referred his complaint to the Financial Ombudsman Service where an investigator considered Mr W's concerns.

Our investigator didn't think Monzo had acted unfairly or unreasonably. They said they thought the terms and conditions relating to the savings challenge could've been clearer but as the overdraft was money owed to Monzo, Mr W didn't have available money. So Monzo hadn't done anything wrong by not making the transfers and letting Mr W know by sending him notifications. Mr W disagreed and asked for an ombudsman to review his complaint again. He said Monzo had allowed him to participate in the challenge and so the point made about the overdraft was incorrect. Mr W's 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.

Although I appreciate this will disappoint Mr W, I won't be upholding his complaint.

I have looked at the terms and conditions specifically associated with the 1p savings challenge, and I have to say that I agree with our investigator they could be clearer in specifying the account must be in credit before transfers will be permitted. I understand Mr W's point that his app shows he has available funds – because he is within his overdraft facility. But the funds he has available are being borrowed from Monzo. And interest must be paid on those borrowed funds. So the available funds are not Mr W's, they are Monzo's

which it is allowing Mr W to use.

I appreciate Mr W wants to transfer money to a savings pot to build up a reserve. And I commend him for wanting to do that. He's said that he can do transfers to his savings account manually – and has been doing so. But he wants the transfers to go through automatically as the challenge says they will.

I don't think Monzo should make the transfers automatically when the personal account is overdrawn – even if it's within the overdraft facility. That's because it would be costing Mr W far more in overdraft interest than he'd be earning on the savings he's making. So, if Monzo were to take those funds automatically, it would effectively be charging to save. And that wouldn't be the right thing to do. If Mr W wants to make those transfers manually because he's taken the decision to save even when he's overdrawn, then he can of course do that. But he needs to be aware of the financial implications of his actions.

I appreciate Mr W doesn't want to get notifications constantly and has said he doesn't want to turn them off because he finds them useful. But I can't ask Monzo not to send Mr W the notifications whilst he's still signed up to the challenge.

My final decision

For the reasons I've explained above, 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 W to accept or reject my decision before 12 November 2025.

Stephen Farmer
Ombudsman