

The complaint

Miss R complains that Monzo Bank Ltd acted irresponsibly by providing her with a Flex credit card.

What happened

In August 2022, Monzo approved Miss R's application for a Flex credit card, giving her a limit of £500. Miss R's limit was increased and decreased multiple times over the years, with it ranging between £500 and £2,800. Miss R is currently on an agreed repayment plan.

Miss R complained to Monzo, saying that they had continually increased her Flex credit card limit without monitoring her usage of the account or reaching out to see if she needed support.

Monzo responded to Miss R's complaint in July 2025, saying they found no evidence of irresponsible lending. Miss R wasn't happy with Monzo's response, so she referred her complaint to the Financial Ombudsman. An investigator assessed her complaint and found that Monzo had made fair decisions to lend.

Miss R didn't agree with the opinion of the investigator. She felt Monzo should have seen the number of active accounts she had at the time and found it was irresponsible to provide her with further lending. She also felt she was stuck in a cycle of dependency between her Flex credit card and overdraft, but Monzo never reached out to check if she was struggling.

Because an agreement couldn't be reached, 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'm not upholding Miss R's complaint. I know this is likely to be disappointing, so I'll explain the reasons for my decision.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as (CONC) what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

I've kept all of this in mind when thinking about whether Monzo did what was needed before lending to Miss R.

Did Monzo carry out reasonable and proportionate checks?

Before approving Miss R's limit increase applications, Monzo:

- Asked Miss R what her income was and verified this using her current account statements
- Asked Miss R what her housing costs were
- Estimated Miss R's essential living costs using statistical data
- Used this information to calculate her monthly disposable income
- Checked her credit file

I'm satisfied these checks were reasonable and proportionate on each occasion. The credit checks found no adverse information being reported which meant Miss R was managing her existing accounts well.

Monzo verified Miss R's income using her current account statements and I haven't seen anything in the information they obtained which ought to have prompted them to do further checks.

Did Monzo make fair lending decisions?

Just because I think the checks were proportionate based on Miss R's circumstances, it doesn't end there. I need to consider whether Monzo made fair decisions to lend.

I've not seen anything in the information obtained by Monzo which would have suggested Miss R couldn't afford the increases. I'm satisfied Monzo relied on accurate income figures which they obtained through Miss R's bank statements. After factoring in her declared housing costs, her monthly debt commitment figure (obtained through the Credit Reference Agencies) and estimating her monthly essential living costs, Miss R was always left with enough disposable income to afford sustainable repayments towards the new credit limit.

I'm conscious that, as well as increasing her credit limit on her Flex credit card, Miss R was also increasing her overdraft limit. Miss R has told us she would use her overdraft to the limit and then start relying on her Flex credit card.

While I agree that multiple applications in a short space of time can sometimes mean it would be appropriate for a lender to take a closer look at an application, I don't think that Monzo taking a closer look at the activity on Miss R's current account would have made a difference here.

I say this because while it's fair to say that Miss R did consistently rely on her overdraft each month, the transactions show that this was largely due to discretionary spending. I don't think there is anything in these transactions which ought to have led Monzo to believe Miss R was reliant on credit to meet existing credit commitments or other priority commitments. And I don't think they ought to have thought she was in financial difficulty, especially bearing in mind what the rest of the information it gathered showed.

As the information gathered indicated that Miss R would more likely than not be able to make the payments necessary to repay what she could owe within a reasonable period of time at the lending decisions were made, I'm satisfied that Monzo didn't need to do anything more.

Did Monzo treat Miss R unfairly in any other way?

Miss R has complained that Monzo weren't proactive enough to support her as a customer. But I'm not persuaded her Flex credit card management ought to have alerted Monzo she was struggling with the facility. She didn't miss any repayments and stayed within the agreed limit. She was able to reduce the limit on several occasions which would have suggested she was in control of her finances. I appreciate Miss R has told us she had to go without essentials in order to afford her contractual repayments however I'm not persuaded Monzo would have known this from the information available to them.

When Miss R reached out to Monzo in 2023 to get support with her overdraft, I'm satisfied they did enough to ensure she wasn't also struggling with her Flex credit card. They asked Miss R on several occasions if she needed help with her Flex credit card, but she replied she was managing her account fine and only needed help with the overdraft. So, I'm not persuaded Monzo did anything wrong here, as Miss R assured them she didn't need any support with the Flex credit card.

In reaching my conclusions, I've also considered whether the lending relationship between Monzo and Miss R might have been unfair to Miss R under Section 140A of the Consumer Credit Act 1974 ('Section 140A'). However, for the reasons I've explained, I've not been persuaded that Monzo irresponsibly lent to Miss R or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall while I sympathise with any difficulties Miss R has had repaying her Flex credit card, I'm not persuaded Monzo treated her unfairly or unreasonably.

My final decision

For the reasons I've outlined above, I'm not upholding Miss R's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 10 March 2026.

Amelie Makris
Ombudsman