

The complaint

Mr M has complained that Monzo Bank Ltd didn't tell him that having an outstanding overdraft balance after his account was closed would impact his credit file.

What happened

On 7 May 2025, Monzo wrote to Mr M to say it would be closing his account on 8 July 2025. Mr M then contacted it on 28 June 2025 using 'chat', to ask about his overdraft, as he wouldn't be able to pay it off straight away. Monzo advised that if the account closed when it was overdrawn, a repayment plan would need to be set up. Mr M asked about this being reported to the credit reference agencies ('CRAs'), given that it hadn't been his decision to close the account. Monzo said it was obliged to report the accurate status of the account.

Monzo set up a complaint, and offered Mr M £70 in respect of delays there had been in responding to him. But it didn't think it had behaved unfairly regarding the CRAs. It also said Mr M had been sent an email when the account was closed, regarding the potential impact on his credit file, and he'd been sent weekly text notifications after this.

One of our investigators looked into what had happened. She explained that overdrafts are typically repayable 'on demand', and this was also set out in the terms and conditions of Mr M's account. It also noted that overdrafts appear on credit files. Our investigator could also see that Monzo had referred Mr M to the terms and conditions on 7 May 2025, when it gave notice of the account closure.

As a repayment plan was set up, this would typically be reported to the CRAs as an accurate reflection of what was happening with the account. That said, the report Mr M has provided shows the account as closed and the overdraft settled, with no reference to an arrangement to pay.

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 agree with our investigator's findings, and for the same reasons she gave. The account terms and conditions make it clear that overdrafts are repayable on demand, and will be reported to the CRAs. Here, Monzo was within its rights to do so and the potential for this to happen was set out clearly. I think Mr M should reasonably have been aware of this, as he'd agreed to the account terms and conditions. Further, he'd been told this when asking about a repayment plan on the 'chat' facility.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 May 2026.

Elsbeth Wood
Ombudsman