

The complaint

Mr C complains that Monzo Bank Ltd was irresponsible in its lending to him.

What happened

Mr C was provided with a £15,000 loan by Monzo in August 2024. The loan term was 60 months, and Mr C was required to make 59 monthly repayments of £349 followed by a final payment of £280.09.

Mr C explained that he had been the victim of a scam and was manipulated into taking out this loan. He said that he was coached through the loan application process and there were no questions about his additional financial commitments. He said that had he been asked about these he would have explained he was repaying £280 to a family member for a car loan. Mr C thought that had this been considered, then Monzo would have realised the loan wasn't affordable for him.

Monzo issued a final response to Mr C's complaint dated 8 March 2025. It explained that before lending it assessed the affordability of the loan based on Mr C's income, debt levels and estimated expenditure. It also carried out a credit search to assess Mr C's creditworthiness. Based on its checks, Monzo said there were no signs that the loan had been lent irresponsibly.

Mr C referred his complaint to this service.

Our investigator noted that Monzo were not aware that the loan was being used to fund payments to a scam and based on the information she saw she didn't think this loan had been provided irresponsibly.

Mr C said that he believed the affordability assessment was flawed and that based on his income and expenses the loan wasn't affordable. While he believed the loan should be written off, he said he felt a fair compromise would be for all interest and charged to be removed so that he was only liable for the amount borrowed.

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.

I am sorry to hear of the experience Mr C has had and I do not underestimate the financial and emotional distress he has been caused by being the victim of a scam. This decision is in regard to the provision of the loan by Monzo and whether it carried out reasonable checks before providing the credit. Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to

carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr C was provided with a £15,000 loan which required monthly repayments of £349. As part of the application process Mr C was asked about his employment, income, housing status and costs, dependents and the purpose of the loan. Mr C declared that he was employed full-time with an annual income of £27,000, was a tenant with monthly accommodation costs of £589 a month, had no dependents and that the loan was for a car. Mr C's income was verified and a credit check was carried out which showed no defaults or recent missed payments. His payments for existing debt obligations were recorded as £32 and based on Monzo's affordability calculation (including £125 buffer) Mr C had around sufficient disposable income after his costs.

Having considered the size of the loan and repayments compared to Mr C's income and noting his limited existing credit commitments and that his credit check didn't raise any issues, I think the checks carried out were reasonable. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loan should have been given. To assess that I have considered the outcome of Monzo's checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

Mr C declared his annual income as £27,000 which Monzo calculated to give a monthly net income of around £1,865, which it verified based on Mr C's transactions. Having looked through the information provided this supports a monthly income figure slightly above that recorded and so I find it fair that the income figure of £1,865 was relied on. Mr C declared his rent as £589 a month and this is supported by the other data. Monzo deducted this from Mr C's income along with amounts for his credit costs and an estimate for his expenses.

I have looked at Mr C's credit check results, and these showed Mr C had outstanding debts of £558. This is a low amount and so I do not find this should have raised concerns. He was managing the debt he had, and I note his repayments towards his existing credit commitments were £32. I note Mr C's comment about payments to a family member, but these wouldn't appear in his credit file and as I think the checks carried out were proportionate (including using an estimated figure for expenses) I do not find I can say that this would have been separately identified. An estimated figure of around £720 was used for Mr C's regular monthly costs which I find reasonable.

Deducting Mr C's rent, estimated general costs, existing credit costs and the new loan repayments from his income would leave sufficient disposable income to cover any unforeseen costs. Therefore, I do not find that I can say this loan should have been considered unaffordable for Mr C.

I've also considered whether Monzo acted unfairly or unreasonably in some other way given what Mr C has complained about, including whether its relationship with Mr C might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Monzo lent irresponsibly to Mr C or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

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

reject my decision before 4 March 2026.

Jane Archer
Ombudsman