

The complaint

Mr F complains that Monzo Bank Ltd irresponsibly lent to him.

What happened

Mr F was approved for a Monzo Flex account in July 2024, with a credit limit of £1,000. Mr F says that this was irresponsibly lent to him, and he had already made a number of gambling transactions on his Monzo current account, which Monzo would have been able to see prior to them approving this account. He says once the account was opened, he was able to gamble on the Flex account. Mr F made a complaint to Monzo, who did not uphold his complaint. Monzo said that they saw no signs of irresponsible lending during their review, and they had no records of Mr F reaching out for support for financial difficulties. Mr F brought his complaint to our service.

Our investigator did not uphold Mr F's complaint. He said that Monzo's checks were proportionate, and they made a fair lending decision. Mr F asked for an ombudsman to review his complaint. He made a number of points. In summary, he said another bank had upheld a similar irresponsible lending complaint he made to them, Monzo had full visibility of his spending and gambling behaviour (which he lost £10,000 on) as his current account is linked to the same profile as his Flex account.

Mr F said that while the Flex account couldn't be used to make transactions to UK gambling companies, many overseas/unregulated gambling companies disguise their merchant category, and he was able to use his Flex account for these types of gambling. Mr F said Monzo's affordability checks weren't proportionate as they had access to his accurate income and outgoings, yet they chose to use bureau data and estimates. Mr F said there were signs of financial harm after he used the account as he frequently paid down the balance on the account only to use it again in days, so Monzo should have acted upon this, especially as gambling was used.

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.

Firstly, I'm aware that I've only summarised Mr F's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I've considered what Mr F has said about another company upholding an irresponsible lending complaint to him which was similar to this complaint. But our service judges each individual complaint on its own merits. While a situation can look similar between two lending decisions, or they could have been made around the same time, the checks and the results of the checks could have been different between different products, different amounts being lent, and with different companies. So I'll be focusing here on whether Monzo made a fair

lending decision.

I'm aware that Mr F has complained about other products he holds/held with Monzo. I must make it clear to him that this decision will solely focus on his Monzo Flex account. Any other product that he's complained about will be communicated to him separately, if he has not received this yet.

Before agreeing to approve the credit available to Mr F, Monzo needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Monzo have done and whether I'm persuaded these checks were proportionate.

I've looked at what checks Monzo completed prior to opening Mr F's account. Monzo looked at information from a Credit Reference Agency (CRA) and used information from Mr F to determine whether he could afford sustainable repayments for a £1,000 credit limit.

The CRA Monzo used told Monzo that Mr F had no defaulted accounts or accounts that had been in arrears for two consecutive months. The CRA told Monzo that Mr F had no external accounts in arrears at the time of the checks.

Mr F told Monzo his gross annual income was £37,800 and he was employed full time. Monzo completed an affordability assessment using Mr F's net monthly income, and his expenditure which was based on a mixture of information from modelling (such as estimated costs for certain outgoings), and information from a CRA (such as Mr F's existing outgoings for his debt, as he held other forms of lending at the time).

In addition to this, Monzo included a buffer of £125 a month, in case Mr F's outgoings unexpectedly increased, which I'm persuaded was a responsible thing to do. The affordability assessment showed that Mr F would have around £642.40 of disposable monthly income. So it would appear Mr F would have enough disposable income to be able to meet repayments for a £1,000 credit limit. The credit limit would have equated to around 2.6% of Mr F's declared gross annual income.

I've considered what Mr F has said about Monzo not using his actual income and outgoings, as they would have access to his current account. But Monzo are not required by the regulator to manually check a borrower's bank account, even if they banked with the same provider.

So in the absence of any adverse information on Mr F's credit file being reported by the CRA, and the results of the affordability assessment, I'm not persuaded that it would have been proportionate for Monzo to have manually checked Mr F's current account he held with them.

So I'm persuaded that the checks Monzo completed for this lending decision were proportionate, and they made a fair lending decision here.

I can empathise with what Mr F has told us about his gambling. And him being able to gamble with the Flex account. But as Mr F has correctly identified, some operators unfortunately change their merchant code.

So Monzo would only know that Mr F was using his credit to gamble if he notified them of this, as the merchants Mr F were using weren't using the accurate merchant code (otherwise

these transactions would have been prevented). And I can't fairly say that it would be proportionate for Monzo to manually review a customer's Flex account and research every company Mr F transacted with on this card, in the unlikely event that a merchant has not classified themselves in the way they should have done. And I can't hold Monzo responsible for a company using an incorrect merchant code.

I've considered what Mr F has said about there being signs of financial harm after he opened the Flex account. But the statement Mr F forwarded to our service doesn't support this. While Mr F used credit and reduced the balance, this showed he was able to make repayments to reduce the balance. There were some significant payments which he made to the account such as repaying £234 in August 2024, £250 in May 2025, £308.63 in June 2025, and £885.08 in July 2025, which I wouldn't expect someone suffering financial difficulty to be able to make. I couldn't locate any late payment charges (Mr F's statement showed he often paid early). And he wasn't in persistent debt on the account.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Monzo lent irresponsibly to Mr F 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 March 2026.

Gregory Sloanes
Ombudsman