

The complaint

Mr S is unhappy that Monzo Bank Limited restricted the money transfer functionality on his Monzo Flex account after relying on a credit reference agency entry that he had told Monzo was disputed.

What happened

Mr S has a Monzo Flex account, which allowed him to make purchases and, subject to eligibility, transfer money from his Flex account to his current account. Mr S's account had been operating normally and he had not missed any payments on his Monzo borrowing.

In August 2025, Mr S contacted Monzo to explain that a credit entry recorded on his credit file by another company (which I'll refer to as 'X') was incorrect and under formal dispute. He told Monzo the matter was being formally investigated and asked them not to rely on the disputed entry when assessing his credit risk and to note this information on his account. Monzo acknowledged this contact and asked Mr S about his overdraft and Flex usage, which Mr S said he was managing well and was up to date with his payments.

In mid-October 2025, Monzo carried out a review of Mr S's account. This review assessed information they received from credit reference agencies, including the entry from X which Mr S had told Monzo that he disputed. Following this review, Monzo restricted Mr S's ability to transfer money from his Flex account, although he remained able to make purchases using Flex. Mr S was shown an in-app message explaining that the restriction related to a change in his financial circumstances and information about being behind on some financial products outside Monzo.

Mr S wasn't happy that Monzo had accepted the disputed entry at face value and raised a complaint. He said the restriction Monzo had applied was unfair because it was based on a credit entry that he had already told Monzo was disputed. Monzo acknowledged the complaint and issued their final response the same day. They explained that the restriction had been applied in line with their responsible lending policy, that they rely on information provided by credit reference agencies when carrying out reviews. Mr S wasn't satisfied with Monzo's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Monzo had acted unfairly and didn't uphold the complaint. Mr S remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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 note that in his submissions to this service, Mr S has raised several points of a legal and regulatory nature. I'd therefore like to begin by confirming that this service isn't a regulatory body or a court of law and doesn't operate as such. This means that it isn't within my remit here to declare whether Monzo have, or haven't, acted unlawfully or in

breach of regulation. If Mr S would like a decision that Monzo has acted unlawfully, he would need to obtain one from a court of law.

Instead, this service is an informal, impartial dispute resolution service. And while I do take relevant law, regulation and guidance into account when arriving at my decisions, my remit is ultimately focused on determining whether I feel the overall outcome that occurred was fair or unfair, from an impartial perspective, having considered all the circumstances of the complaint.

Accordingly, while I note the several detailed submissions provided to this service by Mr S in support of his complaint, I won't be responding in similar detail. Instead, I've focused on what I consider to be the key aspects of the complaint, in line with this service's role as an informal dispute resolution service. As such, if Mr S notes that I haven't addressed a specific point he has raised, this shouldn't be taken to mean that I haven't considered that point. I have considered all the submissions provided by both Mr S and Monzo, but I will only refer to points that I consider necessary to reach a fair outcome in this case.

Turning to the substance of the complaint, I understand why Mr S was unhappy that Monzo restricted the money transfer feature on his Flex account when he had already explained that a third-party credit entry was disputed. I also understand why Mr S considers it unfair that Monzo relied on information which was later shown to be incorrect. However, having considered everything carefully, I don't think Monzo acted unfairly in the circumstances.

A key point in this case is that, at the time Monzo reviewed Mr S's account and applied the restriction, the credit entry in question remained present on his credit file and the dispute had not yet been resolved. Importantly, while Mr S had told Monzo that the entry was incorrect and under investigation, that did not oblige Monzo to disregard that entry. The accuracy or inaccuracy of the entry could only be confirmed once Mr S's dispute with X had been concluded.

Monzo weren't the organisation responsible for placing the credit entry, nor did they have any independent way of determining whether the entry was accurate while the dispute remained ongoing. And, ultimately, a dispute is not a correction – it is a dispute which until resolved may, from Monzo's perspective, potentially be found in either party's favour. In those circumstances, I don't think it was unreasonable or unfair for Monzo to continue to rely on the credit reference agency data available to them at the time, even though they had been made aware by Mr S that the entry was disputed by him.

I've also taken into account that the restriction applied was limited in scope. Mr S remained able to make purchases using his Flex account, and Monzo didn't close the account or demand repayment. The ability to transfer money from Flex was subject to ongoing eligibility, and I feel that Monzo were fairly entitled to review that eligibility based on their assessment of risk using the credit reference information presented to them.

I appreciate that the credit entry was later found to be incorrect and that this must have been frustrating for Mr S. But in my view, the unfairness arising from that situation lies with the inaccurate reporting itself, rather than with Monzo's reliance on industry-standard credit data before the dispute was resolved. If Mr S remains unhappy about the consequences of that incorrect reporting, I feel that his complaint about that issue properly lies with the company that submitted the entry, not with Monzo.

All of which means that I won't be upholding this complaint or instructing Monzo to take any further or alternative action here. This is because I'm satisfied that Monzo acted fairly and reasonably in how they reviewed Mr S's account and applied the restriction. I realise this won't be the outcome Mr S was wanting, but I hope that he'll understand, given what I've

explained and the impartial role of this service, why I've made the final decision I have.

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 S to accept or reject my decision before 30 April 2026.

Paul Cooper
Ombudsman