

The complaint

Monzo Bank Ltd trading as “Monzo” provided Miss T with a personal loan for £10,200 in December 2024, with monthly payments of £320 over 45 months (with a smaller monthly repayment in the final month). Miss T says the credit was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision. This isn't intended as a discourtesy to the parties but is merely a reflection of the informal nature of our service. I have read and considered all of the evidence in its entirety, in order to reach my 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss T's case.

Whilst I appreciate this will be disappointing for Miss T, I've decided the credit was provided fairly – and I'll explain why.

As a starting point, it's fair to say this lending meant Miss T would be indebted for a relatively large monthly payment over a reasonably long period of time. So, it's important the payments were sustainable for Miss T – and that she had enough money left over each month for unforeseen circumstances. Bearing this in mind, I've looked carefully at Monzo's affordability calculations and other checks.

Having done so, I'm satisfied the figures Monzo relied upon in its affordability calculations were reasonable, and suggested the lending was likely affordable – and sustainable. I can see Monzo exercised caution when determining Miss T's outgoings by building into its monthly calculations, around £120 as a “stress buffer”. And Miss T declared the purpose of the loan was to pay money back. So, it's reasonable to believe she may have also been reducing some of her existing debts with this loan too.

Although Miss T did have a fair amount of existing debt, she didn't appear overindebted and Monzo's credit check showed Miss T had been managing her existing credit relatively well. And, as I've said above, Miss T indicated she may be paying some of her existing debt back with this new loan.

Whilst Miss T says her income was unstable, Monzo verified the salary Miss T had declared, using credit bureau data. So, I'm satisfied it was reasonable for it to have relied on the amount declared. I'm also satisfied it was reasonable for Monzo to have relied upon estimates, or statistical data for Miss T's living expenses. This is common practice and

based on what Monzo's checks showed, I haven't seen anything to suggest Miss T's spending was likely to be significantly different from the average.

But, even if I were to say Monzo's checks weren't proportionate and that it ought to have done more to understand what Miss T's actual committed living expenses looked like, I'm satisfied that it still would have reasonably lent to her. I say this after reviewing Miss T's bank statements in the few months leading up to this lending decision to understand what any further checks might have revealed. Having done so, I can't see that Miss T's actual living expenses were more than the estimates Monzo had relied upon. What I can see, as Miss T has pointed out, is that her income varied. But on average, across those three months, it was around £3,300 per month. So quite a bit more than the £2,400 per month that Monzo relied upon. I appreciate I only saw a snapshot of a few months so it may well be that Miss T didn't earn this consistently. But from what I've seen, even if Monzo were to have carried out more checks than it did, I don't think the evidence would have revealed this lending wasn't affordable.

So, overall, I'm satisfied the checks Monzo carried out before providing the credit were reasonable and proportionate and the lending fair, given the amount of credit provided and what it knew about Miss T's financial situation. There was nothing to suggest Miss T was unlikely to be able to sustainably repay what she was being lent.

I'm sorry to read about how Miss T felt when she read our Investigator's view and no doubt my decision will come as a disappointment to her. I know Miss T says that when Monzo provided her with this loan, she was struggling financially and emotionally – and that the loan only served to make matters worse. I'm sorry to hear this too. I appreciate the reality of Miss T's situation may have been very different. But for the reasons I've explained, I'm satisfied Monzo was entitled to rely on the information it found at the time of lending and that it wasn't wrong to provide this loan.

In all the circumstances of this case, and for the reasons explained, I don't uphold this complaint. I know this isn't the outcome Miss T was hoping for. But I'm not asking Monzo to do anything to put things right.

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 don't think Monzo lent irresponsibly to Miss T or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 19 March 2026.

Sophie Kyprianou
Ombudsman