

The complaint

Mr M complains Monzo Bank Ltd unfairly defaulted his current account due to an outstanding overdraft.

What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. In summary, Mr M opened a current account with Monzo in September 2019, which included an arranged overdraft.

In February 2024, Monzo decided to close Mr M's account and asked that he repay the overdraft of approximately £1,300 in full by 30 April 2024 or get in touch to make an arrangement to pay this back. As the overdraft wasn't repaid and Monzo says Mr M hadn't agreed a payment plan, it defaulted his account on 1 May 2024.

Following this, Mr M complained, he was unhappy with Monzo's decision to close his account and then default his overdraft. Mr M was also unhappy with the service Monzo had provided and the difficulties he'd faced in speaking to the bank.

Monzo issued four responses to Mr M's concerns between August and November 2025. It didn't agree it had done anything wrong in closing Mr M's account or recording the default. Monzo did however pay Mr M £100 to apologise for failings it acknowledged in its customer service.

Unhappy with Monzo's response, Mr M referred his concerns to the Financial Ombudsman. One of our Investigator's looked into what happened and thought Monzo's responses to Mr M's complaints were reasonable, so didn't think it needed to do anything further.

Mr M disagreed with our Investigator's opinion. He said phone calls hadn't been made as promised by Monzo and that he was receiving arrears letters although he'd made payments.

As the matter wasn't resolved, the complaint has been passed to me to decide.

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've considered the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

Account closure and default

I've started by reviewing Mr M's concerns about Monzo's decision to close his account and then record a default due to the outstanding overdraft.

The terms of Mr M's current account set out that Monzo can close the account at any time by giving at least two months' notice and this is what Monzo did here. Similarly, Monzo asked that Mr M repay his overdraft or set up a payment arrangement, which I don't find unreasonable as it was closing his account.

I can see Monzo sent Mr M a number of reminders via email and SMS, asking him to get in touch in relation to the outstanding overdraft and that if it didn't hear from Mr M by 30 April 2024, it would default the agreement. I understand Mr M didn't receive some correspondence from Monzo, however in reviewing the 'chat' history between the parties, this sets out that Mr M was aware of the need to agree a repayment plan by the end of April 2024, however I can't see an agreement was then agreed or put in place.

As Monzo didn't hear from Mr M to set up a payment arrangement by 30 April, I don't then find it was unreasonable for Monzo to default the account and record this with credit reference agencies. I say this as the overdraft was outstanding after the current account had closed and a repayment plan hadn't been agreed within the set period.

I note Mr M is also unhappy he's no longer able to access his Monzo account via the app. While I appreciate this will be frustrating, as Monzo closed Mr M's account and in line with its internal policies, I haven't found it was unreasonable to remove access to account information in the app.

Customer Service

In reviewing the service Monzo provided, all parties accept that this could and should have been better. Mr M hasn't always received calls back when requested and there was at times more back and forth than expected to address some of the points Mr M had raised, particularly as Mr M made Monzo aware of his circumstances in June 2024.

I appreciate it would have been disappointing to Mr M in some of the challenges he faced in contacting Monzo. I'm pleased to see Monzo has acknowledged and apologised for this, alongside paying Mr M £100 compensation. While this doesn't detract from any frustration caused, I think Monzo has now taken reasonable steps to acknowledge that the service it provided should have been better, so I won't be directing it to do anything further in relation to this point.

In conclusion, I think Monzo was reasonable in its decision to close Mr M's account and ask that the overdraft be repaid. As the overdraft wasn't repaid, or a payment plan agreed by the required date, I then don't find Monzo did anything wrong in defaulting the agreement. The customer service Monzo provided could have been better, and I think its compensation of £100 fairly recognises this. As a result, I won't be directing Monzo to do anything further in relation to this complaint.

My final decision

For the reasons I've explained above, I don't 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 13 February 2026.

Christopher Convery
Ombudsman