DRN-6096992

## The complaint

Mr G complains that Monzo Bank Ltd (Monzo) has recorded negative information onto his credit file in relation to an overdrawn balance on his account.

## What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

*"In February 2025, Mr G's Monzo account was closed. At that time the account was in an unarranged overdraft with a balance of £149.73 needing to be repaid. Monzo said in the communication it sent advising of the closure that failure to repay this back may impact Mr G's credit file. Monzo provided its bank details for clearing the overdrawn balance and said it would be in contact soon with more details around options, if repaying may be difficult.*

*Later in February 2025, the balance increased to £319.97 as further payments relating to a previous transaction were re-debited. Mr G spoke to Monzo regarding this increase in balance. He explained he had paid £30 on 10 February 2025 towards the overdraft but that hadn't been credited and that he wanted to set up a repayment plan for the remaining amount. The advisor explained they would escalate to the correct team.*

*Monzo's recoveries team contacted Mr G and asked for responses to several questions to be able to set up a repayment plan. Mr G responded on 22 February 2025 and answered Monzo's questions. Monzo thanked Mr G for his answers but explained that it needed a completed budget assessment. Monzo also confirmed the £30 Mr G had paid had been located and this was then credited on 28 February 2025.*

*Mr G completed the budget assessment. On 4 March 2025, Monzo responded to the budget assessment and asked further questions. It said the budget assessment showed a surplus of £2,364 a month with some of the outgoings having lower than average figures imputed. Given this Monzo asked how much Mr G could make towards repayment of the overdrawn balance. After not receiving a response, Monzo followed this up with another email to Mr G on 8 March 2025.*

*On 10 March 2025, Mr G let Monzo know he had set up a standing order for £35 per month starting the next day and would continue with this until further notice. Mr G also asked for a payment card to be able to repay the debt or the option to pay in cash. Monzo responded the next day and said it couldn't offer a payment card and repayment needed to be made to the bank details provided previously. In relation to the £35, Monzo said it could look into a repayment plan for Mr G.*

*On 12 March 2025, Mr G's £35 standing order was credited. The same day Monzo said it would soon report the account as being in default, as there was still an outstanding balance of £254.97. Monzo said Mr G needed to contact it by 11 April 2025 to discuss his situation. Mr G responded and said he has already sent emails confirming he is willing to pay £35 per month. Mr G also logged a complaint.*

*Monzo emailed Mr G on 14 March 2025. In this Monzo said to avoid the default an agreed suitable repayment plan needed to be put in place. The advisor repeated what had been discussed about the monthly outgoings and asked Mr G to confirm if the figures were accurate. Mr G confirmed the income was wrong and should be halved. On 16 March 2025*

*Monzo said this updated income meant Mr G was in a deficit of £26 a month. It therefore asked how Mr G would be able to make the £35 monthly payments when his budget assessment shows he is already short by £26. The same day Mr G said he had no school costs so this could be removed.*

*Monzo issued its final response to the complaint on 17 March 2025 saying it hadn't made an error. It said Mr G may need to complete a new budget assessment given the information he sent previously being incorrect. Monzo added it would stop sending emails regarding the outstanding debt once the repayment plan was set up and its specialist team would be in touch regarding this soon.*

*An updated budget assessment was sent to Mr G on 18 March 2025 showing a surplus of £114. Monzo asked if this was now accurate. Monzo acknowledged Mr G had already offered to pay £35 a month, so asked what date Mr G wanted to make these repayments.*

*Mr G said he was unhappy that missed payments had been recorded to his credit file. Mr G said he had been making the agreed payments despite Monzo not yet setting up a formal repayment plan for him. In response Monzo said Mr G is in an unarranged overdraft with no repayment plan and so Monzo had to report this as a missed payment, but it hadn't yet been defaulted. It again asked Mr G to confirm what date he would start making the £35 repayments. Monzo continued to ask Mr G for a start date throughout the rest of March 2025.*

*Mr G let Monzo know on 22 March 2025 that he had paid a further £57 and asked what balance this left. Monzo explained the remaining balance was now £197.97. Mr G emailed Monzo on 31 March 2025 to say that despite numerous attempts to set up a payment plan he had been ignored. As a result, he had cleared the remaining balance and said the missed payments need to be removed. On 2 April 2025 Monzo confirmed receipt and said it would let the Credit Reference Agencies (CRA) know the debt has been settled. Monzo added a final response had already been issued and therefore Mr G could contact the Financial Ombudsman Service if he remained unhappy.*

*Mr G did this and the matter was passed to one of our investigators to consider. The investigator initially said that as Monzo hadn't heard from Mr G, it had acted correctly in not setting up a formal repayment plan. As a result, a default had been reported correctly. Mr G responded and said he has provided two budget assessments but didn't get a reply from Monzo. He said he was planning on paying the balance until it increased to over £300. Mr G added that he was told a default wouldn't apply if he paid by 11 April 2025, which he had done. He said this had been confirmed by Monzo on 2 April 2025.*

*Given this, the investigator said the default should be removed and that Mr G should be paid £100 for the distress and inconvenience caused. Monzo replied and said a default hadn't ever been recorded. It said missed payments had been recorded in February and March 2025 and these were correct as the account was in an unarranged overdraft for that time with no agreed repayment plan.*

*The investigator put this to Mr G who provided evidence from two CRA's. One showed that missed payments had been recorded in December 2024 and January 2025. The other had missed payments recorded for March and April 2025. Following this the investigator issued a third view on the complaint which was that the missed payments for January, February and March 2025 were correct. The ones for December 2024 and April 2025 should therefore be removed. The investigator said Mr G should still be paid £100 in compensation for the distress caused by the incorrect markers.*

*Mr G didn't agree, he said all the markers should be removed given the confusion Monzo had caused. He explained two different amounts that he needed to repay for the overdraft had been provided. He said he had twice provided the requested financial information and after not hearing back taken the initiative to set up the £35 standing order. Lastly, he said* *that as Monzo had said no default would be applied if he repaid by 11 April 2025, he took this to mean no missed payments would be recorded either.*

*Monzo also disagreed. It said as there was no overdrawn balance in December 2024 there shouldn't be a marker on the credit file. For April 2025 it said Mr G's payment made on 31 March 2025 didn't credit until around 2am on the 1 April 2025. So, while only briefly, Mr G was in an unauthorised overdraft for April 2025.*

*As both parties didn't agree, the complaint was passed to me to decide.*

*Before issuing any decision on this case, I reached out to Monzo to seek some further clarity on what had been recorded. As Mr G's evidence from the two CRA's showed missed payments for different months. Monzo provided a screenshot of its credit bureau reporting that showed missed payments being recorded for February and March 2025 only. There were no missed payments for December 2024 or January 2025, and April 2025 showed the account as settled. Monzo said this is always what it had recorded.*

***What I've provisionally decided – and why***

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of the complaint.*

*I would also like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.*

*Given the confusion here I want to firstly clarify that a default is different from missed payments. Monzo said Mr G had until 11 April 2025 to repay the overdraft (or set up an agreed repayment plan) to stop a default being recorded. I appreciate Mr G says he reasonably took that to mean nothing negative would be recorded if he did so. But repaying the debt before a default was due to be recorded doesn't mean the missed payments have been recorded incorrectly, if they're an accurate reflection of what happened before hand.*

*Monzo's evidence now shows that the only missed payments present are the ones recorded for February and March 2025. Mr G says these should be removed as he was trying to set up a repayment plan, but Monzo failed to do this for him.*

*Having reviewed all the emails and online chat transcripts between Mr G and Monzo, I can't say that I agree Monzo failed to set up the repayment plan. Monzo quickly asked Mr G for a budget assessment to be able to assess what he could afford. This initially showed a significant surplus, so as I would expect, Monzo pushed back and asked for further comment regarding the below average outgoing figures Mr G had provided. Mr G then said the income was wrong and should be around half what was on the first assessment. This led to Mr G being in a deficit and not being able to afford the £35 he had offered.*

*So, while I acknowledge Mr G was trying to resolve the payment plan issue by offering to pay £35 a month, I can again see why Monzo wasn't able to accept this and set up the formal arrangement. Mr G then fully removed school costs from the assessment which meant the budget assessment showed he could pay up to £114 a month. I can understand the concerns Monzo had around the accuracy of the assessment Mr G had provided and why it sought further clarification.*

*It seems Monzo was happy to accept the £35 and asked Mr G multiple times towards the end of March 2025 what date of each month this would be paid on. But Mr G never responded to this. As a result, the formal repayment plan was never set up and therefore the missed payments for February and March 2025 are a true and accurate reflection of the position the account was in.*

*While less, I do note that a repayment plan would still have negatively impacted Mr G's credit file. As ultimately, he was in an unarranged overdraft. So, unless the overdraft was* *repaid in full around the time the account was closed, this situation would always have had some impact on Mr G.*

*Mr G has said he was given two different amounts that he needed to repay. This was correct as transactions were re-debited after the closure causing the overdrawn balance to increase. This was explained to Mr G and I can't agree it caused any confusion or that Monzo provided inconsistent information.*

*Mr G's screenshots from two different CRA's appear to show missed payments being recorded for other months outside the two that Monzo says are all correct. Monzo has said its only ever recorded missed payment markers for these two months. I appreciate what Monzo has said, but Mr G's screenshots clearly show missed payments for months outside February and March 2025. I don't see why he would have screenshots from CRA's showing other missed payments unless at certain times these had been recorded by Monzo. One of the screenshots says it was last updated on 1 May 2025 with the other showing 25 May 2025.*

*I don't think I need to comment further on the accuracy of these missed payments, as Monzo has confirmed what's reporting now is always what it believes it has recorded. So, I think it fair to say Monzo agrees anything else isn't accurate. But as I've said, given the evidence here I'm persuaded more than the missed payments for February and March 2025 only have been recorded at certain times.*

*Given I'm satisfied missed payment were correct in this case, Mr G's credit file was always going to be negatively impacted. But I can see why he was distressed at the multiple differing months still showing as being recorded into May 2025.*

*I've explained above why I don't believe Monzo acted unfairly here in not setting up a formal repayment plan for Mr G. But I do believe some further inconvenience has been caused by how Monzo handled some of the communication with Mr G. He was still being told there was a surplus in his budget assessment after he had confirmed the income was wrong and that the school cost should be removed. Monzo also said it could look into a repayment plan for Mr G when one was in the process of already being set up.*

*For the distress and inconvenience caused here, I believe Monzo should pay Mr G £100. I'm satisfied this is fair and reasonable in the circumstances of this complaint."*

I invited both parties to respond with new information they wanted me to consider before I made my final decision.

Mr G didn't agree. In summary he said Monzo didn't engage with him when he tried to proactively set up the payment plan. He said Monzo delayed in responding to multiple emails he sent or just didn't respond at all. Mr G explained that if Monzo hadn't of increased the amount he owed he would've paid off the overdraft immediately and therefore no missed payments would've been recorded. Therefore, Mr G maintained that all the missed payment markers recorded onto his credit file should be removed. Mr G added the £100 compensation also didn't reflect the level of distress he had suffered.

Monzo replied to say it accepted the provisional 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.

I appreciate the points Mr G has raised. But ultimately, I remained satisfied with the outcome reached in my provisional decision and for broadly the same reasons.

Its clear Mr G feels he was ignored and Monzo is to blame for the failure to set up the formal repayment plan. Along with the point that Monzo failed to respond to numerous emails, Mr G has also highlighted calls he made to Monzo where he says his issues were raised.

However, this isn't shown in what's been provided. I acknowledge that given the passage of time Mr G doesn't have copies of the emails he says were sent and ignored. But the emails and webchats provided by Monzo flow in date order and cover the time period in question. There are no significant delays in Monzo responding and in March 2025 especially, there are communications on most days.

So, while there may have potentially been times when a specific email wasn't replied to, or where he didn't receive the response he was looking for on a telephone call, I don't believe this materially impacted the outcome of the formal payment plan not being set up. I say this because during the time in question what Monzo has provided shows that overall Mr G was kept updated, advised of what was required and this occurred without significant delay.

I appreciate Mr G's point that he was trying to work with Monzo to resolve this situation. That is evidenced in the communications. But as Monzo didn't receive the information it needed to finalize the formal repayment plan, it wasn't able to start it. I don't believe that is an error and therefore I remain satisfied that the two missed payments for February and March 2025 are correct.

Mr G has highlighted that the £100 I recommended doesn't sufficiently recognise the level of distress and inconvenience he has suffered. I acknowledge this, but our service normally awards modest levels of compensation for distress and inconvenience. I'm satisfied that £100 compensation is fair and reasonable and is in line with what we have awarded in other cases with similar circumstances.

## Putting things right

- Monzo should ensure that only missed payments for February and March 2025 are recorded to Mr G's credit file in relation to the overdraft on his Monzo account.
- Pay Mr G £100 for the distress and inconvenience caused.

## My final decision

I'm upholding Mr G's complaint. Monzo Bank Ltd should put things right in the way I've set out above.

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

Paul Blower
**Ombudsman**