

## **The complaint**

Mr E makes a number of complaints in relation to his Monzo Bank Ltd ('Monzo') Flex credit account including about the recording of a missed payment marker on his credit file.

## **What happened**

Mr E has a Flex account with Monzo with a credit overdraft limit of £1,500. A payment was due on 14 August 2024 in relation to this account of just over £245. Mr E didn't make the full payment on time. He cleared the outstanding arrears on 6 September 2024. Monzo reported a missed payment to the relevant credit reference agencies ('CRAs') on 31 August 2024. Mr E complained about this. He also complained about the way Monzo handled three chargeback claims. He made two chargeback claims in August 2024 against the same merchant ('chargeback1') and one other claim against a separate merchant at around the same time ('chargeback2').

I issued initial findings saying I was reaching broadly the same outcome as our investigator in terms of the redress that was due. But I clarified that I didn't think Monzo had to amend Mr E's credit file in terms of the missed payment. Monzo agreed with my initial findings. Mr E maintained that Monzo should amend his credit file. As no agreement could be reached the matter has been passed back to me to finalise.

## **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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. I want to reassure Mr E that I've fully considered everything he has said including his submissions in response to my initial findings. However, my final decision is the same as that set out in my initial findings.

In relation to chargeback2 (i.e. the two chargebacks in respect of the same merchant), I'm still of the view that Monzo should refund Mr E the full amount of £64.46 along with interest. Monzo has confirmed no interest was paid on this amount. Nonetheless, I think it should still pay interest from the date that chargeback2 should've been refunded (i.e. from 21 October 2024) up until the date Monzo refunds Mr E. This takes account of the fact Mr E hasn't had use of this money for some time. I'm satisfied this along with £100 for any inconvenience caused, is fair compensation.

In terms of chargeback2, this was about a payment made to a merchant of around £15. I think Monzo has acted fairly here. It raised a chargeback via the Mastercard scheme, but the merchant concerned defended it saying Mr E received the service. I don't think chargeback2 had a reasonable prospect of succeeding so I'm not asking Monzo to refund Mr E for this chargeback.

In respect of Mr E's main complaint which is about the missed payment marker that has been applied to his credit file, I've taken note of all of his detailed submissions including those in response to my initial findings. But I can't see he has added anything substantially new. I've also considered all relevant law and regulations including the regulator's (Financial Conduct Authority's) Consumer Duty regulations. Having done so, I can't find any evidence that Monzo acted unfairly or unreasonably here.

The payment of just over £245 was due to be paid on 14 August 2024. Mr E contacted Monzo after this on 20 August 2024 saying that he wanted to change the payment date to 31 August 2024. The Monzo agent, via the online chat service, clearly explained to Mr E that the payment due date couldn't be changed whilst Mr E's account was in arrears. So, the payment due date was still 14 August 2024. The agent also explained that due to Mr E's circumstances (i.e. not being able to make payment until 31 August 2024), Monzo wouldn't take any action for 7 days. But this didn't mean his credit file wouldn't be impacted.

From what I can see, Monzo didn't report the missed payment to the relevant CRAs until 28 August 2024. This was 14 days after the full payment hadn't been made and from what I can see, the account remained in arrears until 6 September 2024. Monzo has explained that it gives customers 7 days to catch up with payments if they are unable to pay on time. Further, Monzo said it will usually only report a missed payment after a period of 14 days has passed from the due date. In Mr E's case the due date was 14 August 2024. And I can see the agent told Mr E on 20 August 2024 that he had 7 days to clear the arrears. It was only after this time had passed that a missed credit marker was added to Mr E's credit file which was on 28 August 2024.

Mr E seems to be saying because he believed the payment due date had been changed to 31 August 2024 and he cleared the arrears by 6 September 2024, that Monzo made a mistake. But the payment date wasn't changed. I don't think there was an ambiguity about this. The agent told Mr E the payment due date couldn't be changed whilst the account was in arrears, and he was told this on 20 August 2024. Mr E also signed Monzo's terms and conditions in July 2023, so he was made reasonably aware of the need to pay on time, or at least, within 7 days of the payment due date.

I appreciate Mr E may have misunderstood some of Monzo's communications. He's said that if Monzo had been clearer he would've obtained help from family and friends so he could pay the arrears before a missed payment marker was added to his credit file. Overall, I'm satisfied Monzo provided Mr E with clear, fair and not misleading information about the need to make a payment within 7 days of him first contacting it on 20 August 2024. I understand that Mr E may not have been able to make the payment on time. But from what I can see, Monzo acted with reasonable forbearance as it is expected to do when someone is experiencing difficulties in paying their bills by the relevant due date. However, when payments are missed, lenders have a duty to report this to the relevant CRAs, which is what happened here.

For all the above reasons, my final decision is that Monzo should pay the amounts set out below. I don't think it has to take any further steps to put things right. I appreciate this will be a disappointing outcome for Mr E.

### **My final decision**

My final decision is that I uphold this complaint. In settlement of it, I order Monzo Bank Ltd to pay Mr E £64.46 directly to his Flex account if it hasn't already done so (or pay him directly if he no longer has a Flex account). Monzo Bank Ltd should also add 8% simple interest to this amount from the time it should've been paid (i.e. 21 October 2024) up until it refunds Mr E (and then pay this interest to Mr E). If Monzo Bank Ltd considers it has to deduct tax from the interest element of my award, it should send Mr E a tax deduction certificate when it pays it. Monzo Bank Ltd should also pay £100 directly to Mr E for the distress and

inconvenience it has caused deducting anything it has already paid to him in this regard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 25 March 2026.

Yolande Mcleod  
**Ombudsman**