

The complaint

Mrs K complains Monzo Bank Limited unfairly defaulted her overdraft account.

What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. As a summary, Mrs K held a current account including an arranged overdraft with Monzo.

In September 2025, Monzo defaulted Mrs K's overdraft agreement, saying she'd exceed the agreed overdraft limit and hadn't made any payments into the account for more than 120 days.

Following this, Mrs K complained. She said she'd made Monzo aware of her circumstances and the decision to default the agreement was unfair and disproportionate, when taking into consideration her vulnerabilities.

Monzo doesn't agree it was wrong to default Mrs K's account, saying it did so in line with industry standards. Monzo said it would support Mrs K going forwards in repaying the outstanding balance.

Unhappy with Monzo's response, Mrs K referred her complaint to the Financial Ombudsman. One of our Investigator's looked into what happened and thought Monzo was reasonable in the steps it had taken, so didn't recommend it do anything differently or remove the default.

Mrs K disagreed with our Investigator's opinion saying her family had faced exceptional challenges and recording a default on her credit file was disproportionate in light of this.

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 given consideration to the relevant rules and regulations applicable to this complaint, including Consumer Duty 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.

I want to start by acknowledging everything Mrs K has told our Service. I can only begin to appreciate the challenges Mrs K and her family have recently faced. However, taking all of this into consideration, I haven't found Monzo was wrong to default the overdraft agreement when it did. So, while I appreciate this answer will likely come as a disappointment to Mrs K, I won't be directing Monzo to remove the default. I've explained below, how I've reached this conclusion.

I would note that I'm only able to consider the concerns that have previously been raised to and considered by Monzo. It issued its final response in November 2025, so if Mrs K has concerns about how Monzo has treated her after that date, she would first need to raise this as a separate complaint with Monzo. If Mrs K remains unhappy with Monzo's response on any new points, this could then be referred to our Service as a separate complaint.

Moving then to the points I've been asked to decide, the Information Commissioner's Office (ICO) says that when a consumer is at least three months behind with their payments then a default may be registered. It also says it would expect a default to be registered by the time the consumer is six months behind with their payments. That's what happened here.

Mrs K exceeded her arranged overdraft limit in May 2025, and no payments were made to bring the account within the agreed overdraft limit by September 2025, when Monzo defaulted the account.

I'm satisfied Monzo sent the required notices to Mrs K to make her aware her account had exceeded its limit and was at risk of default; these asked that Mrs K make a payment into her account or that she get in touch to discuss a repayment plan. I haven't however seen that Mrs K contacted Monzo during this period or made payment towards the overdraft balance.

Therefore, it appears, Monzo complied with the guidance set out by the ICO and was reasonable in its decision to default the account given the persistent state of arrears.

Monzo is also required to report accurate information to the credit reference agencies to reflect how a person has managed their account. I'm satisfied that Monzo has done this in relation to Mrs K's account.

I've taken into consideration Mrs K's concerns that she struggled to manage her finances due to exceptional circumstances and therefore a default is a disproportionate step for Monzo to take.

I'm sorry to hear of the challenges Mrs K has faced and appreciate it must have been a particularly difficult period, however in this complaint my role is to determine whether Monzo did something wrong and I haven't found it has for the reasons explained above. Therefore, as I haven't found Monzo was wrong to default the account, I don't then find that it must remove this from Mrs K's credit file.

I've taken on board Mrs K's comments that she's only in this position due to exceptional circumstances, however a credit file doesn't differentiate as to why payments may not have been made, rather is required to display an accurate reflection of payment history to an account. As I'm satisfied this is what Monzo has recorded on Mrs K's credit file, I don't then find it must amend this.

In conclusion, while I appreciate this is unlikely to be the answer Mrs K is hoping for, I haven't found Monzo did something wrong, so I won't be directing it to remove the default from her credit file. While I'm sorry to hear of the adverse impact the default may have, as I'm satisfied Monzo actioned this correctly, I don't find it must remove it.

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 Mrs K to accept or reject my decision before 22 May 2026.

Christopher Convery
Ombudsman