

The complaint

Miss C complains that Monzo Bank Limited irresponsibly provided her with an unaffordable overdraft facility.

What happened

Monzo provided Miss C with an overdraft limit of £250 in November 2024.

Miss C complained to Monzo in December 2025 saying the overdraft had been irresponsibly provided because she was in an Individual Voluntary Arrangement (IVA) when it had been approved, and that it should have been clear that this lending would be unaffordable for her.

Monzo provided Miss C with an answer to her complaint in December 2025, and after further consideration issued a final response in January 2026 in which it didn't uphold the complaint. It said its checks had been proportionate and that it had fairly provided Miss C with this overdraft facility. Unhappy with Monzo's response Miss C referred her complaint to our service for review.

One of our investigators looked at the details and didn't uphold the complaint. They concluded Monzo had fairly arranged this overdraft facility, and had reasonably provided forbearance when Miss C made it aware of financial difficulties and engaged with it.

Monzo didn't respond to our investigator's view; Miss C responded and disagreed. In summary, she maintained her position that had Monzo completed proportionate checks it would have identified she was in an IVA and therefore shouldn't have provided her with this lending. Miss C also restated how Monzo's decision to provide this lending has impacted both her health and financial situation, and that she is looking for 'substantial' compensation to be awarded in line with our published guidance on compensation for distress or inconvenience bandings, to reflect the impact on her.

Miss C asked for an ombudsman's review, so 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.

The information in this case is well known to Miss C and Monzo, so I don't intend to repeat it in detail here. I'd like to assure both parties I've carefully reviewed everything available to me, including Miss C's submissions in response to our investigator's view, even though I may not have commented on it. I've focused my decision on what I consider to be the key points of this complaint. I don't mean to be discourteous to Miss C or Monzo by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've followed this approach when considering Miss C's complaint.

Monzo has said based on the terms of lending it was providing, and what it identified about Miss C's financial situation, that it considers its checks were proportionate and that it went on to fairly provide this overdraft limit.

Having carefully considered all the arguments I've decided Monzo completed proportionate checks and went on to fairly provide this overdraft facility. I say this because:

- Miss C declared she had an annual income of £17,500, that she was living with parents and had no household costs, and had no dependents to support.
- Monzo completed a monthly income validation check with a credit reference agency which supported her declared income. It also used industry recognised statistical data to reasonably understand Miss C's non-discretionary expenditure.
- Monzo also completed a credit check which reported no recent adverse information and that Miss C had no existing monthly commitments to credit.
- Given Miss C was applying for a modest overdraft limit of £250, I'm satisfied Monzo's checks were proportionate, and there was nothing within the information it obtained that I consider ought reasonably to have caused it concern, or required a more detailed analysis of Miss C's financial circumstances.
- Through these proportionate checks Monzo calculated Miss C had a level of monthly disposable income which could, at least in part, be used to repay this overdraft lending across a reasonable period of time.

Miss C has said Monzo's checks ought reasonably to have discovered her active IVA, and it therefore ought not to have lent to her.

Information reported to an individual's credit file largely remains on it for six years. Miss C's IVA was entered into in January 2018, more than six years before this lending request. Monzo has provided evidence that the credit check it completed reported no IVA being recorded on Miss C's credit file within the last three years. Monzo was reasonably entitled to rely on the information it obtained through its checks, and I've not seen anything to suggest it ought to have had concerns with what was being reported. I also note that Miss C didn't make Monzo aware that she was in an active IVA when she applied for this lending.

In any event, as our investigator set out, a consumer can look to obtain credit from a lender up to an amount of £500 while in an IVA without authority from their Insolvency Practitioner. As such, even if Monzo had been aware of Miss C's IVA, it doesn't directly follow that it would have acted unfairly by providing her with a £250 overdraft facility.

So, for the reasons I've found above, I don't consider Monzo acted unfairly when providing Miss C with this overdraft facility.

I've gone on to consider if Monzo has acted unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

Miss C has said Monzo failed to identify her as a vulnerable consumer, or someone who was in financial difficulties. She's said that she's suffered unnecessarily from both a financial and health point of view because of this failure.

I've not seen any evidence that Miss C made Monzo aware that she considered herself a vulnerable customer before she made her complaint in December 2025; or anything to suggest Monzo did or ought reasonably to have identified this itself, given Miss C's use and conduct of the account and overdraft facility. And while Miss C has recently presented our service with documentary evidence of a medical diagnosis, she's not provided evidence that this was presented to Monzo and that it failed to act on it.

I understand Miss C made a separate complaint to Monzo in early 2025 about not being in an informed position before the overdraft facility was provided; but as I've set out above I've not seen any evidence to suggest Miss C made Monzo aware of being in financial difficulties until she raised her complaint in December 2025.

Miss C contacted Monzo in January and June 2025 about her overdraft, but in both instances Monzo's further communication and requests for information to understand her financial position went unanswered. The contact notes I've been provided show that Monzo engaged with Miss C in May 2025 setting out her repeat use of the overdraft facility and that this may lead to her incurring high avoidable costs. Monzo reached out to Miss C again in September 2025 setting out the same message. Both of these communications appear to have gone unanswered.

I've seen in December 2025 before Miss C raised this complaint, that Monzo agreed to freeze future interest and charges and it set up a payment plan starting in January 2026 to clear the outstanding overdraft balance. I consider this shows that Monzo was engaging with Miss C and did provide support and forbearance once it reasonably could.

Miss C has drawn parallels between this complaint and another complaint she referred to our service which at the time of writing this decision has been upheld by one of our investigators. I would set out to Miss C that each case is considered on its individual details, and I'm aware that her other complaint is about a different product on different terms.

Miss C has made reference to her income and expenditure being considered in this other complaint which appears largely to be through a bank account with a different provider. While I understand why Miss C will have drawn parallels, I'm satisfied that in the individual details of this complaint that Monzo's checks were proportionate, and that therefore its checks didn't need to be more detailed than they were.

Miss C has said she considers Monzo should pay her compensation within the 'substantial' banding of the compensation for distress or inconvenience guidance published on our website.

I am sorry to hear of the personal and financial circumstances Miss C has made us aware of, and how she says Monzo's actions have impacted her. But given my findings above that I don't consider Monzo has acted unfairly or unreasonably in the details of this complaint, it follows that I don't consider it needs to make a payment of compensation.

Taking all the above into account, I don't think Monzo irresponsibly provided Miss C with this lending, or has otherwise treated her unfairly. I therefore 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.

I acknowledge my decision will likely be disappointing to Miss C. It isn't intended to downplay or doubt the testimony she's provided about her financial and health situation, which again I am sorry to hear of. But for the reasons set out above, it follows that I'm not directing Monzo to take any further action in resolution of this complaint.

I would, however, remind Monzo of its ongoing obligations in treating Miss C fairly and sympathetically in any communication it has with her and in the continual recovery of this outstanding debt.

My final decision

My final decision is that I don't uphold Miss C's complaint about Monzo Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 22 May 2026.

Richard Turner
Ombudsman