

## **The complaint**

Miss S complains Monzo Bank Ltd defaulted her credit card account without telling her how to repay the overdue balance.

## **What happened**

Miss S says Monzo applied a default to her account but never told her this would happen. She says she sent emails to Monzo regarding her overdrawn balance, and that she was struggling to repay it, but she received no response. She said she had an outstanding balance she's now repaid, but before this, wasn't told how to make the payment. Miss S says Monzo are very hard to contact and don't reply to urgent queries which impacts on their customers.

In an email to Miss S, Monzo said as a result of her account defaulting and closing, they were able to raise a chargeback on her deficit for a fraud transaction. This was for £79, but they said it meant £6.21 was still outstanding.

In Monzo's response to Miss S' complaint, they said they did send her notifications through the app and text messages, explaining her account was in arrears and that they'd have to close and default her account if they didn't hear from her. Monzo say they then sent a Notice of Default (NoD) to Miss S' email address on 25 October 2022 (Monzo said 2023, but they meant 2022). Monzo quoted from the NoD, and said they'd followed the correct processes so didn't uphold her complaint. They confirmed Miss S had now repaid £6.21 on 15 August 2023 so the account balance was £0.

Unhappy Monzo wouldn't remove the default, Miss S asked us to look into things. One of our Investigators did so and thought Monzo had correctly defaulted the account at the time. But he found the default balance was now only made up of interest and charges – and said it should be removed in line with the Information Commissioner's Office (ICO) guidance.

Miss S accepted this, but Monzo didn't. They said at the time the default was applied it was correct, so didn't think it was right to remove it. Because of that, the complaint's 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 reviewed all of the evidence regarding the original application of the default in November 2022. Although I've noted Miss S' comments that she wasn't made aware, I don't agree with that. I think there were plenty of messages sent to her to make her aware the account was going to be defaulted and what she needed to do to prevent that.

I also don't agree with Monzo saying she didn't get in touch. There was an email before the account was defaulted which I couldn't see Monzo had replied to.

Regardless though, I agree it was right initially for the account to be defaulted – as the balance at the time was £81.15 overdrawn and the account had been overdrawn without an overdraft for a period of time.

But, then a transaction for £79 was refunded off of the outstanding balance. This happened in August 2023 – sometime after the initial default.

This then left the sole default balance as being due to interest and charges – which as our Investigator pointed out the ICO says shouldn't happen.

I do understand at the time of the default Monzo didn't do anything wrong, but I think when the transaction of £79 was refunded by the card issuer, they should have removed the default – because without Miss S making any payments now, the only default balance was the interest and charges.

### **My final decision**

I uphold this complaint and require Monzo Bank Ltd to remove the default from Miss S' credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 12 April 2024.

Jon Pearce  
**Ombudsman**