

About overdrafts at Monzo

Version 1.3

General information

Overdrafts are a type of credit that's designed for short term borrowing. You shouldn't use it to gamble or invest.

If you're eligible, we can offer you an arranged overdraft. The interest rate you'll pay depends on your credit score, we have three different rates: 19%, 29% or 39% EAR/APR variable.

If you open an overdraft with us, we'll leave a 'hard check' on your credit file which shows other lenders that you have an overdraft open.

[You can check our overdraft charges on our website.](#)

[You can also check your eligibility for an overdraft on our website \(with no impact on your credit score\).](#)

Going into an unarranged overdraft

If you don't have enough money in your account (or you're over your arranged overdraft limit), you won't be able to make any payments. You also won't be able to withdraw cash.

If you've set up an overdraft with us

If you go over your arranged overdraft limit, you'll go into what's called an unarranged overdraft. We won't charge you for unarranged usage, but you should pay this back as soon as possible. If you don't, we may have to report that you're in an unarranged overdraft to the credit reference agencies. This could make it harder to borrow later.

If you haven't set up an overdraft with us

If you don't have an arranged overdraft with us and your balance goes below zero, we won't charge you, but you should pay this back as soon as possible. If you don't, we may have to report that you're in an unarranged overdraft to the credit reference agencies. This could make it harder to borrow later.

Managing your overdraft

If you're in your overdraft – or close to being in it – we'll send you an alert to let you know. You can use these alerts to help you know when to move extra money into your Monzo account to avoid or reduce overdraft charges. You can control these alerts in Settings.

You can reduce your overdraft or turn it off at any time in the Manage Overdraft section of the app. But you have to pay off your overdraft charges first (if you have any).

If you're using an arranged overdraft, you have to pay any charges on the 1st of the month. If you don't, we may have to report that you're behind on your overdraft payments to the credit reference agencies. This could make it harder to borrow later.

We charge interest on the total balance of your overdraft, including previous charges, so the total cost of borrowing will grow if you don't pay by the 1st of the month.

Using your overdraft for short-term borrowing only

As a responsible lender, we'll review your overdraft use to make sure you're using it for short-term borrowing. If you're using your overdraft, but don't add any money to your account for over 60 days, this could mean you're not using it for short-term borrowing. In this case we might ask you to make a payment into the account.

If we ask you to make a payment it'll be 5% of your overdraft balance at a minimum amount of £10. We'll always let you know how much money you'll need to add and

by when, giving you at least 30 days' notice to make the payment. That amount won't change in the time period we give you.

Chat to us if you have difficulties managing your overdraft

If you can't pay, or you're experiencing financial difficulty, it's best to talk to us as soon as you can, as there are ways we can help.

Being behind could have severe consequences. For example, we might take legal action against you or ask you to repay the entire balance.

Please ask us if you have any questions!

You can drop us a message through in-app chat or by email.