

The complaint

Mr C's complaint concerns a disputed direct debit payment on his account. He feels Monzo Bank Ltd hasn't honoured the direct debit guarantee.

What happened

In December 2019 Mr C contacted Monzo to say he didn't recognise a direct debit payment on his account. The payments for £316.67 came out of his account in February 2019 and March 2019.

Monzo raised a direct debit indemnity for the payments but the merchant declined the claim. Mr C disputed this with Monzo. When Monzo acquired the direct debit mandate from the merchant, Mr C said the handwriting was different on different sections of the form and the address wasn't his.

Mr C says he first noticed the direct debit via a notification on his mobile banking application in June 2019 and cancelled it at this point. However, he says he did not actually notice transactions had come out of his account until he printed off 12 months' worth of statements in November 2019.

The debit was for a member's club of a serviced office unit and Mr C says he had only been to the location once for a seminar and may have bought a coffee there, but he says he never signed up for a membership.

Monzo said that although Mr C is protected by the Direct Debit Guarantee, in order to support his case, it needs evidence as to why he is looking to raise this dispute; for example, he made the payment by another account or the payment was incorrectly charged by the merchant. However, Monzo offered Mr C £50 for the service and wait times.

Our investigator did not uphold the complaint. He concluded that Mr C was more likely than not aware of the direct debit and did recognise the payments. He said this because the payments were large amounts and Mr C had made payments into his account on the same day the direct debit was due seemingly to cover those payments. The investigator also considered that, whilst the address on the direct debit mandate was incorrect, it doesn't mean Mr C hadn't authorised the payments in dispute.

As the case could not be resolved informally, it has been passed to me for a decision. I'm sorry for the length of time it has taken for Mr C's case to reach a final decision and I thank both parties for their patience.

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.

Having done so, I've reached the same outcome as the investigator, broadly for the same reasons.

It's important to highlight that with cases like this I can't know for certain what has happened. So, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

The direct debit guarantee protects consumer in the rare event that there is an error in the payment of a Direct Debit, for instance if a payment is taken on the incorrect date, or the wrong amount is collected. It cannot be used to address contractual disputes between consumers and the billing organisation or merchant.

Mr C says he didn't authorise the direct debit. Monzo have declined the refund the transaction because the merchant challenged the dispute.

I have noted that the address on the direct debit form is not the same address that Monzo had on its records for Mr C. I have also noted the comments about the different handwriting used. I don't think this on its own is conclusive evidence that Mr C did not authorise this direct debit. So, I've gone on to consider whether, based all the available evidence, it is more likely than not that Mr C authorised this direct debit.

The direct debit in question was for around £316 per month. In my view this is a relatively large amount and therefore ought reasonably to have been noticeable to Mr C. I appreciate Mr C describes this account as 'very much a secondary account for certain day to day banking' with 'a number of direct debits' coming out. There was in fact only one other direct debit on this account around the time in question. The other direct debit for £234, came out of the account on the same day as the one in dispute.

Mr C had been paying the other direct debit of £234 for several months. With the new disputed direct debit, the new total amount debited on the same day was now over double - at around £550. In my view, this represented a very significant increase in outgoings from the account.

Mr C was aware of the amount needed to cover his direct debits as he says the banking application notified him of the amount. Mr C transferred £492 on 1 February 2019 and £552 on 1 March 2019. I think Mr C ought reasonably to have noticed the amount needed was now over double and represented a sudden increase to what he had previously been paying. And I think Mr C ought reasonably to have questioned it at the time if he genuinely didn't know anything about it.

In April 2019 and May 2019, Mr C did not have enough money in the account to cover the direct debit. Monzo says Mr C would have received notifications for the failed direct debit attempts. I think Mr C ought reasonably to have noticed the notifications and questioned why a direct debit was set up which he says he didn't authorise.

Mr C says he cancelled the direct debit in June 2019 as this is when he first noticed it on his dashboard on the mobile banking application. However, Mr C did not query what this was or check his statements for the full details until December 2019 when he raised a dispute with Monzo. I'm not persuaded that these are the actions of someone who has had an unauthorised direct debit set up.

Initially on 6 December 2019, Mr C told Monzo he had no relationship with the private member club and hadn't even heard of it. When Mr C first brought the complaint to us, he confirmed he had visited the venue in question but only once for a seminar and may have purchased a coffee there. I note from his bank statements there are two transactions to the member's club; one for £15.89 on 4 June 2019 and one for £30.66 on 27 June 2019. I would

expect Mr C's testimony to remain consistent and it hasn't. And whilst this might seem like a minor detail, it causes me to question the credibility I'm able to attach to Mr C's testimony evidence.

Mr C says Monzo did not send an initial notification procedure for setting up the direct debit. But, even if Monzo had sent one, I'm not persuaded it wouldn't have made a difference here. Mr C did not react to a sudden increase in direct debit payments in February 2019 and March 2019. He did not react to notifications about a failed direct debit in April 2019, May 2019 and June 2019. He cancelled a direct debit in June 2019 without questioning what it was for and waited a further 6 months to notify Monzo in December 2019.

Overall, on the balance of probabilities, I think it more likely than not that Mr C's authorised the direct debit and I don't think the Monzo did anything wrong when it declined to refund the direct debit payments.

My final decision

For the reasons above, my final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 July 2021.

Kathryn Milne
Ombudsman