

The complaint

Mr P complains about the way Monzo Bank Ltd handled a chargeback he raised.

What happened

In October 2020 Mr P purchased some clothing online using his Monzo Bank Ltd card.

On 20 and 21 October 2020 Mr P raised a transaction dispute via Monzo – he said an item was missing from his order. A transaction dispute is essentially a request for Monzo to raise a chargeback. Chargeback is a process run under certain card schemes which aims to resolve disputes about purchases.

To raise the transaction dispute, Mr P submitted a form to Monzo explaining his problem and detailing what had happened. In the form Mr P said he'd been charged the wrong amount by the merchant, the business who sold the clothing, who he'd tried to contact via phone. He gave Monzo the cost of the overall order and the amount he felt he should have been charged. When asked why the merchant couldn't fix the problem Mr P answered *'unscrupulous, ignorant merchant who is uncooperative'*.

On 21 October 2020 these requests were rejected by Monzo. It told Mr P it couldn't raise a dispute for him yet as it needed more evidence, in particular *'a screenshot/receipt that includes the time and date of the transaction you made, and how much it was supposed to cost.'* He was also advised to contact the merchant first and explain the situation to see if it could resolve things for him.

Mr P then submitted a further transaction dispute with Monzo on 23 October 2020 but provided no new information. So again, this was rejected. Monzo asked for screenshots showing what was purchased, the cost and when it was expected to be provided. It also asked for evidence Mr P had tried to contact the merchant to resolve things.

Mr P then sent Monzo evidence of the order and an email from the merchant. But the order summary wasn't itemised so Monzo requested this. Mr P then shared this evidence. Monzo reviewed things and told Mr P it needed to give the merchant 14 days from the date Mr P had emailed raising his concerns before it could get involved.

Mr P told Monzo he'd got in contact with the merchant about the problem before sending the email. So Monzo asked for evidence of this. Unfortunately, Mr P didn't have this evidence as he said he'd contacted the merchant by phone.

After the 14 days had elapsed, on 4 November 2020, Mr P again raised the disputed transaction with Monzo. He re-submitted the itemised invoice and his email to the merchant. This was initially rejected as Monzo said it needed to give the merchant 14 days to respond. It also asked Mr P for screenshots of what he'd purchased. Mr P noted he'd already given the necessary information and on 7 November Monzo agreed with him and confirmed it would raise a chargeback.

In late January 2021 Mr P decided to close his Monzo account. So, in February 2021 when Monzo needed to contact him about his chargeback request, it did so via email. But it asked him to complete additional security now that it was communicating outside of its secure in-app chat. Monzo said that when it contacted Mr P it was seeking to gather further information in order to assess how to deal with the chargeback request which had been defended by the merchant in late January 2021. Monzo said it was unable to discuss things with Mr P because he refused to verify his identity on multiple occasions between February and March 2021. And so, based on the information it had available, and because it had been unable to get further information from Mr P, Monzo accepted the merchant's response and declined Mr P's chargeback request. It noted it had only 45 days to review the evidence from the merchant and decide how to proceed.

Mr P raised multiple complaints with Monzo about the chargeback process and the customer service he'd received at various stages of his complaint. In particular, he was unhappy with:

- The time taken to process his request, including the fact the merchant was given time to resolve things before Monzo would get involved.
- The verification process required to discuss the chargeback after he'd closed his account.
- The failure of his chargeback request.

Monzo responded to his complaints. It noted that it typically aims to resolve chargebacks within three months which it breaks down as follows:

- One month for it to process and submit the chargeback to the merchant.
- 45 days for the merchant to respond.
- 45 days for it to review the merchant's response and finalise its decision. At this stage it can either accept the merchant's response or, if there remains disagreement, it can ask the card scheme provider to make a decision.

In this case, Monzo said it took until 2 January 2021 to submit the chargeback to the merchant and acknowledged this was late. It apologised for this and offered £30 compensation. However, it didn't uphold any other aspects of Mr P's complaints – noting it closed the chargeback when it wasn't able to speak to Mr P within 45 days of receiving the merchant's response.

Mr P remained unhappy and so he brought his complaint to our service. He said he'd complied with Monzo's onerous requirements and yet still didn't get his money back. He felt Monzo had been reluctant and he'd done everything he needed to assist.

Our investigator looked into things but didn't uphold the complaint. They agreed Monzo had delayed things but felt the £30 compensation offered was fair. They didn't think Monzo had acted unfairly otherwise, and so didn't suggest it needed to do anything further.

Mr P disagreed and so the complaint has been passed to me to consider.

I shared the evidence the merchant provided to Monzo with Mr P. I then told both parties that my provisional thoughts, based on the information I'd seen, were that I didn't think Monzo had acted unfairly.

In response, Mr P told us he didn't think the evidence the merchant had provided Monzo was persuasive. He also told us his girlfriend had written a letter to Monzo in support of his chargeback in November 2020 which was sent in the post. Mr P shared a copy of this letter which stated that the parcel was compromised on arrival – that it was cut open and badly resealed, with the item missing.

Monzo said it never received this letter.

After reviewing this evidence and the responses from both parties, I issued some provisional findings to both Monzo and Mr P so that both had the opportunity to comment before a final decision was issued. My provisional findings were:

I note Mr P is unhappy with the entirety of the chargeback process. I'd like to reassure him, and Monzo, that I've carefully reviewed all the evidence and submissions in this complaint before reaching my decision. But I won't be commenting on every single interaction/step in the process. I mean no disrespect by this and I can see how strongly Mr P feels about this complaint. But our service offers an informal resolution process and so I'll be focusing on the issues I consider to be key.

Mr P feels the entire chargeback process was lengthy and difficult. I'd like to start by clarifying that Monzo doesn't determine the chargeback process – this is the responsibility of the relevant card scheme. So, when considering if Monzo acted fairly here, I'll be looking at whether Monzo has complied with the chargeback scheme rules. Whilst I appreciate Mr P may still feel the timescales outlined within the scheme are too long, this isn't a complaint I can consider against Monzo. I'd also note here that this is a voluntary scheme, so it's not something the scheme providers are required to offer.

Whilst Mr P may have felt Monzo's requests for additional information at the beginning of the process were onerous, the chargeback rules explain that supporting documents are required and must provide sufficient detail to enable all parties to understand the nature of the dispute. I note Monzo was also required to provide a specific description of the goods purchased. Given this, I think it was fair for Monzo to request the additional information it did, for example the itemised order summary, so that it could demonstrate exactly what it was Mr P was reporting as missing.

I'm also satisfied that it was reasonable of Monzo to ask Mr P to attempt to resolve things with the merchant in the first instance – it would have been much more time efficient for everyone involved had Mr P been able to do so. Whilst Mr P told Monzo he'd phoned the merchant, I don't think it was clear if this was for the order or in an effort to resolve the complaint. So, I think it was reasonable for Monzo to query this with Mr P and ask for some supporting evidence.

There were clearly delays in Monzo submitting the chargeback. I think Mr P sent Monzo the information it needed on 4 November 2020, so I agree that according to its own timescales, it shouldn't have taken until 2 January 2021 for this to be processed. But I can see that Monzo has acknowledged this and apologised, providing £30 compensation. I think this amount fairly reflects the frustration caused by the delay and so I don't think it needs to do anything further here. I say this noting that its submission still fell within the 120-day timeframe outlined within the chargeback scheme rules.

Mr P is also very unhappy with the outcome to his chargeback request – he has not been refunded.

When Monzo raised the chargeback on Mr P's behalf, the merchant defended its position, providing evidence to support its account that the order was fulfilled. This included advising Monzo it had searched its warehouse and interviewed the person who packed Mr P's order – both of which had indicated to the merchant the item was sent. The merchant also provided an email from the delivery company confirming that the parcel hadn't been tampered with on route. This evidence wasn't shared with Mr P at that time. But I can see Monzo tried to discuss this with him but has said it was unable to do so due to security issues.

I'm aware Mr P doesn't think it was fair Monzo insisted he passed its security process before discussing his chargeback. He noted he was no longer a customer, so not bound by its terms and conditions. But as a regulated bank handling sensitive personal information, Monzo does have a responsibility to ensure it takes steps to protect that information. And this is something that's expected of it regardless of whether an individual remains a customer. I'm satisfied this is not only a fair requirement, but a necessary one given the regulations and legislation governing how it handles personal data. I'm also satisfied Monzo tried to explain why its security processes were in place and gave Mr P the option to verify his identity in more than one way. All of which I think was reasonable in the circumstances.

I'd now like to address the letter Mr P has recently shared with our service. Monzo checked its systems and then carried out a manual post search and it says it didn't receive this. Mr P says this was sent to Monzo in November 2020. Where evidence is incomplete or conflicting, I have to decide what I think is more likely to have happened. And from the evidence I've seen, I'm not persuaded that Monzo received this letter. I say this taking into account Monzo's testimony and the fact there's no evidence to show this was sent. I would also note that the letter isn't mentioned in any of the emails, calls notes or complaint paperwork between Mr P and Monzo at that time or thereafter and its existence was only raised with our service very recently. If Mr P had submitted evidence in support of his chargeback request, I'd have expected him to have raised this with Monzo. And whilst the letter may have got lost in the post, had Mr P let Monzo know this was being, or had been sent, it would have given Monzo the opportunity to confirm it hadn't received this – the document could then have been resubmitted. Ultimately, Monzo cannot take into account evidence it didn't receive and so I don't think it's done anything wrong here.

It's not my role here to comment on Mr P's dispute with the merchant. But from the evidence I've seen, I also think it was reasonable for Monzo to decide not to pursue the chargeback further. I'm aware Mr P doesn't think the merchant provided enough evidence for Monzo to fairly reach this conclusion, so I appreciate this decision will come as a disappointment to him. But as part of the chargeback process Monzo assessed whether it thought it was likely to be successful. Ultimately, at the time it decided not to pursue this further, it had emails from the merchant indicating that it had looked into things in more than one way and that it couldn't identify any errors on its side. I appreciate this evidence was limited, but I think Monzo had even less evidence to support Mr P's account and, most importantly, it was unable to get any further comments or information from him. In these circumstances, I think it was reasonable for Monzo to decide it was unlikely to be successful with the chargeback were it to ask the scheme provider to arbitrate.

For all of these reasons, I won't be asking Monzo to do anything further here.

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.

Monzo had nothing further to add following my provisional decision.

Mr P disagreed with my findings and did not accept the outcome of my provisional decision. Mr P raised a number of concerns about our service and the handling of his complaint, including providing Trust Pilot reviews, but he didn't make any further comments about the merits of this complaint.

I have impartially considered the evidence and the further comments I've received. Having done so, I remain of the opinion that Monzo doesn't need to take any further action.

My final decision

My final decision is that Monzo Bank Ltd doesn't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 November 2021.

Jade Cunningham
Ombudsman