DRN-3098579

The complaint

Mr R is unhappy with the customer service he received from Monzo Bank Ltd (Monzo) following a chargeback request.

What happened

Mr R raised a chargeback request due to the delays in receiving a refund on an online purchase. Monzo credited Mr R's account with the disputed amount of £49.62. Shortly after, the merchant gave Mr R a refund.

Monzo told Mr R they'd take back the refund they gave in two weeks. Mr R asked if they could deduct his account as soon as possible. He was concerned about spending the funds and incurring interest. Monzo told him they'd respond within seven days.

A few days passed and Mr R asked Monzo to cancel his request for the payment to be taken sooner. He told Monzo that he'd spent some of the money due to an emergency and said he'd pay when the money was due.

Mr R contacted Monzo a couple of days after asking for an extension to repay the money he owed. He explained he was having financial problems. Monzo told Mr R that his request had been passed to a specialist team and they'd contact him as soon as possible.

While waiting for a response, Mr R sent Monzo several messages. Monzo replied the next day letting Mr R know that they couldn't delay debiting the payment – so his account would enter an unarranged overdraft if there wasn't enough money to cover it. If this happened, they agreed to give Mr R a two-month period to clear the balance.

Mr R asked Monzo questions about the interest he'd be charged and the impact on his credit file. He decided to borrow funds from a friend to cover the payment which successfully debited his account.

Monzo looked into the concerns Mr R raised. They apologised for the delays in responding, and said they'd passed feedback to their teams and paid Mr R £60 as a gesture of goodwill. Mr R initially accepted this, but then referred his complaint to our service as he felt the compensation of £60 doesn't make up for the distress he was caused.

Amongst other things, Mr R said Monzo was slow to respond, kept him waiting for long periods, he had to speak to different agents who couldn't help, and that the specialist department weren't always available. He was also disappointed that Monzo didn't grant him an extension when he was experiencing financial difficulties.

Mr R told us how this impacted him, including that he felt lost, ignored and helpless. He explained he was under pressure and was left with no choice but to borrow money. And the way he was treated, made him feel stressed and unsupported.

Our investigator said that Monzo had acted fairly as they told Mr R when the payment would be taken and offered to support him. She thought the compensation offered of £60 was fair and didn't ask Monzo to take any further action. Mr R disagreed and asked for an ombudsman to review his complaint.

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.

When a chargeback request is raised, the bank usually gives their customer a temporary refund while investigating the dispute. This is what Monzo have done here.

Since Mr R received a refund from the merchant, it wasn't unreasonable for Monzo to ask for their money back. Monzo have explained their process is to give customers two weeks and then automatically collect the funds.

Monzo are entitled to decide how they deal with re-debiting the account. I can see they told Mr R on 13 April 2021, that they'd be taking the refund back in two weeks. They've acted reasonably here as they kept Mr R informed and gave him sufficient notice.

I don't think Monzo were required to agree to Mr R's request to take the payment sooner or give him an extension. As I mentioned above, it's up to Monzo to decide how and when they deduct the money. Ultimately, it's Mr R's responsibility to manage his finances – including taking steps to ensure he had the funds available on the date the payment was due to be collected.

That said, I'd expect Monzo to help Mr R when he told them about his financial difficulties. But this doesn't mean they had to agree to delay deducting the payment. There are other ways for a bank to help.

Monzo reassured Mr R they'd support him with re-paying the amount if he entered into an overdraft due to having insufficient funds to cover the payment. They offered to give him a two-month period to clear the balance. They also asked Mr R about his priority bills and enquired about redirecting credit payments to another account to prevent it from clearing the overdraft.

I know these options weren't acceptable to Mr R as he didn't want his credit file to be impacted and incur interest on an overdraft. But I'm satisfied Monzo treated him fairly as these were reasonable suggestions to help him with his financial difficulties.

Having looked at the chats, I agree with Mr R that he received poor customer service. I say this because when Mr R asked Monzo to take the funds as soon as possible, I think they should've been upfront about their process of collecting the refund. Since their process is automated, the payment couldn't be taken sooner or later than the two-week period.

If Monzo had made this clear to Mr R from the outset, then his expectations would've been better managed, and it could've avoided him unnecessary frustration and annoyance of having to send several messages.

I think broadly Monzo replied to most of Mr R's messages within a reasonable time, particularly given that the messaging service isn't instant. But I still would've expected Monzo to have acted on Mr R's request to delay taking the payment sooner.

I say this because when Monzo acknowledged Mr R's message, they should reasonably have been aware that his query was urgent and tried to assist him quicker. I agree Monzo responded a day later – but by this point Mr R had sent several messages, including asking Monzo to call him.

It was clear from these messages that Mr R was distressed and worried about the payment being deducted from the account. I would've expected Monzo to have contacted him by phone to address his concerns, as Mr R had requested.

Mr R's circumstances at the time were already distressing to him as he had to deal with an emergency and then ran into financial problems. I agree Monzo added to his worry and caused him stress and frustration due their customer service issues.

To put things right, Monzo have apologised and passed feedback to their teams. They also paid Mr R £60 compensation. Having carefully thought about the impact on Mr R, I think £60 compensation is fair and reasonable in the circumstances of this complaint. I note Mr R initially accepted this too.

Monzo clearly explained to Mr R on 20 April 2021 that they couldn't delay the payment being deducted from his account. This was the day after Mr R made his request, so I don't think the worry and stress caused by Monzo was prolonged.

While Mr R continued to exchange several messages with Monzo about the extension, they'd already told him they couldn't delay the payment and reiterated this. I accept the whole situation would've been distressing to Mr R, particularly since he had to borrow money. But I can't fairly hold Monzo responsible for that.

I know Mr R feels he's only been compensated by £10 as he had to return the money he borrowed. I don't agree as Mr R had use of the refund Monzo gave him. And since he received the refund from the merchant, he would've always had to repay Monzo. The compensation Monzo gave was in addition to the refund he received.

Overall, I'm satisfied that Monzo have resolved this complaint fairly, so I won't be asking them to do anything more.

My final decision

For the reasons explained above, my final decision is that Monzo Bank Ltd have already fairly resolved this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 November 2021.

Ash Weedon
Ombudsman