DRN-3102423

The complaint

Miss C complained that Monzo Bank Ltd declined a transaction for £1.00 when she tried to use her card at a petrol station.

What happened

Miss C has a current account with Monzo.

In May 2021, she attempted to purchase fuel for her vehicle using the card issued on her Monzo account. The petrol station Miss C was using provided a “pay at pump” facility. This meant any card payment had to be authorised before fuel could be delivered. But her card authorisation was declined.

Later, Miss C contacted Monzo using their online chat facility. She wasn’t happy that the card transaction was declined. She said there were enough funds available to purchase the amount of fuel she required.

Monzo explained that using a “pay at pump” facility meant that the petrol station needed to obtain authorisation from Monzo before any fuel is taken. They said the payment didn’t go through because there may not have been enough money in Miss C’s account to cover the maximum potential cost of the fuel.

Miss C still wasn’t happy. She said that she only wanted £1.00 of fuel and this amount was available on her account. She raised a complaint with Monzo.

Monzo didn’t uphold Miss C’s complaint. They said that fuel pump transactions can settle days later for much larger amounts than the initial £1.00 authorised. The amount could’ve been for more than Miss C had in her account which would have resulted in an unauthorised overdraft. Monzo said they wanted to protect customers from being left in that position so may decline a “pay at pump” transaction if the available balance doesn’t cover the largest amount of fuel they could potentially be charged for. They said the only way to avoid this is for Miss C to have enough money in her account to cover this or by paying at the petrol station kiosk, rather than the pump.

Miss C wasn’t happy with Monzo’s response. She said that the petrol station didn’t have a kiosk. She also didn’t think it was fair to have to leave a large sum in her account when she only wanted to purchase a small amount of fuel. She referred her complaint to this service.

One of our investigators looked at Miss C’s complaint. He didn’t think that Monzo had done anything wrong here. He thought that it wasn’t possible to know in advance how much fuel Miss C wanted to purchase. He thought the problem lay with the petrol station rather than Monzo.

Miss C didn’t agree with our investigator’s findings. She wanted an ombudsman to look at her complaint and issue a final decision.

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 first want to acknowledge this situation would've been quite stressful for Miss C. Particularly as I understand she had a child with her at the time of the incident and was clearly concerned about being left stranded with her vehicle.

"Pay ay pump" technology is a relatively recent introduction to petrol stations in the UK. It provides an alternative to paying for fuel in a petrol station kiosk or shop which benefits both petrol retailers and consumers. Different petrol retailers use slightly different systems and policies. However, the one common aspect is that payments must be pre-authorised before any fuel is delivered. This provides the petrol retailer with protection against non-payment and the consumer a convenient process for buying fuel.

In Miss C's case the petrol station's system requested an initial authorisation of £1.00 before the pump would deliver fuel. Monzo's systems recognised that this authorisation was for fuel. But the terms of Miss C's account with Monzo don't allow for unauthorised overdrafts. So Monzo's policy is to consider the authorisation request for a higher amount that the £1.00 requested. They base this amount on what they would see as a reasonable and average minimum amount of fuel. It isn't the role of this service to call into question Monzo's policies. Only whether they've been applied in a fair and reasonable way relative to Miss C's circumstances here.

I've been provided with copies of Miss C's bank account statements. She had £2.82 available on the date in question. But Monzo said this amount wasn't enough to cover the amount they would expect to authorise for a minimum fuel purchase. I can understand why they would think that. Many "pay at pump" petrol stations can deliver up to £99 of fuel in a single transaction. So, if Monzo had authorised Miss C's payment, that is the amount that could've been purchased.

Miss C said she only wanted to purchase £1.00 of fuel and had enough in her account to cover this amount. While I agree with her on that point, I can't see how Monzo could reasonably have known that. It's also relevant to say that many petrol retailers have a minimum delivery volume of fuel which may have cost more than the amount Miss C wanted here. But I wouldn't expect Monzo to have known what that or the fuel price per litre was either.

Monzo have explained to this service the minimum amount they would expect to authorise in these situations. But this amount is confidential to Monzo and so I'm unable to detail it in my findings. But I'm satisfied that the amount they use is reasonable for a smaller delivery of fuel, where requested.

Unfortunately, where a consumer chooses to make a purchase that requires advance authorisation, there is always the potential for problems. This is because the amount of the purchase is not known by the bank or the retailer in advance. Monza have explained that Miss C's account doesn't allow for unauthorised overdrafts. So, their policy is designed to protect both themselves and Miss C to ensure that this doesn't happen. I think this is a reasonable and responsible approach to take here.

Monzo explained to Miss C that as an alternative, she would've been able to add fuel to her vehicle using a normal pump. She could then pay for it in the petrol station kiosk or shop. This overcomes the problem of pre-authorisation. But Miss C would've needed to ensure she had sufficient funds in her account to complete the purchase.

I realise that Miss C will be disappointed, but I don't think that Monzo have acted unfairly here. I do recognise that Miss C was distressed by the situation. But the amount of fuel she wanted to purchase was, in fairness, unusually small and I don't think Monzo could've reasonably anticipated this. So, I don't think it would be appropriate to uphold Miss C's complaint here.

My final decision

For the reasons set out above, I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 16 November 2021.

Dave Morgan
Ombudsman