

The complaint

Mr M complains that Monzo Bank Ltd failed to raise a direct debit indemnity claim for payments taken from his account by direct debit, without his agreement, when he asked them to.

He would like them to refund the money taken and he wants compensation for the distress and inconvenience caused to him by the error.

What happened

Mr M says that he made an agreement with his council to pay them £100 and £300. Instead, payments were made from his Monzo account, by way of direct debit, of £115.97 on 30 April 2021, and £304.16 on 4 May 2021.

Mr M contacted Monzo and asked them to raise a direct debit indemnity claim so that he could get back the extra money that had been taken from his account.

Monzo didn't raise the direct debit indemnity claim so Mr M complained. Monzo didn't uphold the complaint. They said that they had acted in line with their regulatory requirements in asking Mr M for evidence before they could take his direct debit dispute further. They were happy to raise the claim if Mr M provided the evidence that they had requested.

Mr M wasn't happy with this decision, so he came to us.

Our investigator looked into the complaint and found that it was reasonable for Monzo to want to check that an error had occurred before they raised a claim. They didn't uphold the complaint.

Mr M didn't agree with this outcome, so the complaint has now come to me.

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'm afraid that Mr M won't be happy with my decision. I think that Monzo were entitled to ask for further evidence of an error having occurred with the payment to the council before they raised a direct debit indemnity claim. I'll explain why.

Monzo's terms and conditions provide a link to the Direct Debit Guarantee that states the following:

- ***If an error is made in the payment of your Direct Debit, by the organisation or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society***
- ***If you receive a refund you are not entitled to, you must pay it back when the organisation asks you to***

Monzo say that this doesn't mean that they must refund any money paid from Mr M's account without asking further questions to establish whether an error has been made. I accept this as the Direct Debit Guarantee does state that the refund should be given *if* an error is made. I think that, to establish whether an error was made, Monzo were entitled to ask further questions and request more evidence.

Monzo asked Mr M to provide evidence to support Mr M's claim that he was supposed to pay lower amounts than those collected by the council. I've seen the evidence provided by Mr M to Monzo and I don't think that this is enough to show that the council clearly should've taken lower payments. So, I don't think it's clear that an error has been made here, in the way the guarantee explains. That means that I think it was fair for Monzo not to raise a claim for him.

Monzo have said that they will raise a claim if Mr M provides the evidence that shows an error occurred. Mr M can still provide this evidence to Monzo if he wishes. But for the purposes of this complaint, I think that Monzo have acted reasonably and fairly. So, I don't require them to do anything else.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 May 2022.

Rita Parmar
Ombudsman