

## **The complaint**

Miss O complains that Monzo Bank Ltd (Monzo) treated her poorly when dealing with a transaction she had asked to be reversed.

## **What happened**

On 21 July 2021, Miss O's car was clamped by a bailiff, and in order to release it she needed to make a payment to a company that for the purposes of this decision I'll refer to as M. In order to have her car released she needed to pay M £558, she did this using her debit card. Monzo approved the transaction and waited for M to claim it.

M told Miss O that they couldn't trace the payment, and Monzo needed to release the funds for them to be able to release her car. She contacted Monzo using the online chat function asking them to release the funds. Monzo gave automated explanations of how the payment system worked, as these didn't fit Miss O's exact issue the chat function was routed to be dealt with by an agent.

Miss O asked for the funds to be reversed saying it was an emergency – they explained to Miss O, when you make a payment with your card, Monzo set the money aside and then it is for the merchant (in this case M) to collect the payment. They said the payment had been authorised and was waiting for M to claim it. They gave her the transaction reference number and said she should share it with M, and it would help them locate it.

A few minutes later Miss O said M would not accept the reference number and asked for Monzo to reverse the transaction. Miss O said M had told her the transaction had been declined at their end. So Monzo explained that could mean M wouldn't collect the money and if that happened the funds would be returned to her account on 29 July 2021. Miss O was upset with this and said there was no way she could wait that long for the funds to be returned. Monzo explained the only other option was a reversal and this could still take up to seven days.

Miss O became quite distressed at what she was being told and wanted to speak to someone. The agent explained that if she could get proof from M that they wouldn't be claiming the funds then Monzo could arrange for a specialist to reverse the payment. Miss O provided proof from M, Monzo told her the reversal request would be passed to the payments team and someone would contact her within eight hours.

Monzo contacted Miss O after a few hours and asked her to complete a form and advised her to contact M to ask for a refund. They said disputes could take up to 14 days. They asked her to provide proof that she was due to have the money back. Miss O was upset as she had already provided this to them earlier in the day and complained in the chat.

The following day Miss O contacted Monzo again asking for the funds to be returned to her as she said her car still hadn't been released. Monzo told her that M had now collected the money so she would need to ask them directly for a refund. Miss O called M who said they still couldn't trace the payment. Monzo gave Miss O all the transaction details to share with M. There was quite a bit of back and forth over the next couple of days but on 25 July 2021

Monzo confirmed that as they had seen proof the payment shouldn't have been collected it would refund the money to Miss O. £558 was credited to her account the same day.

Monzo responded to Miss O's complaint and said they had given confusing information to her about time frames, but the dispute was handled correctly once it reached the right department. They paid Miss O £40 for the confusion they'd caused.

On 16 August 2021 Miss O made a separate payment of £323 to M by bank transfer, this was not to do with the clamping of her car.

On 23 August 2021 M refunded the payment of £558, it had incorrectly claimed, to Miss O's account. As Monzo had already refunded this to Miss O she had now been refunded twice and so Monzo informed her they would be debiting the second refund from her account. They gave her two weeks' notice telling her they would collect it on 10 September 2021, so she could make sure she had enough funds in her account to stop it from going overdrawn.

Miss O contacted Monzo AND said they shouldn't collect all of the £558 as she had made other payments to M that were due to be returned, including the £323 bank transfer on 16 August 2021. She said if Monzo had to take it could they wait until 17 September 2021 as she was expecting a payment into her account then. Miss O spoke to various people over the following days, and on 8 September 2021 Monzo explained they couldn't delay the collection of the funds from the disputes team. But they would issue a temporary credit to Miss O until 17 September to stop her from going overdrawn while she waited for the payment that was due into her account. They did this and reclaimed the temporary credit on 17 September 2021, as agreed.

Miss O brought her complaint to this service as she felt Monzo should compensate her for the hassle that she'd been put through dealing with the original transaction. She believed Monzo was at fault for the payment not going through originally and for her car not being released straight away. She felt Monzo should pay her £558 in compensation for this.

Our investigator didn't feel it was a case that should be upheld, she believed the £40 Monzo had already paid, for giving confusing information, was fair. She also thought they'd acted fairly when arranging the temporary credit to Miss O's account to allow her extra time before having the money debited from her account.

Following the investigator's findings, Monzo, contacted us increasing its offer of compensation to £80. Our investigator thought this was a fair offer. But Miss O disagreed and so the matter has been passed to me to decide.

### **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 have to tell Miss O that I feel the offer Monzo has made is a fair one and so I won't be asking them to increase it, I'll explain.

I totally understand Miss O's frustration that the payment she made hadn't gone through smoothly, but I haven't seen anything to suggest this was because of an error made by Monzo. The evidence actually suggests the opposite as M were able to locate and claim it the following day, if Monzo hadn't authorised the payment as they said they had, M wouldn't have been able to do that.

There is no dispute however that Monzo was slow to react to the problem Miss O was facing

and gave her confusing information about how she could have the payment reversed or refunded. They initially paid £40 compensation for this – its lower than I would have recommended, however the increased offer of £80 is in line with what I'd expect. I say this because although the information was confusing, they did process the dispute and put the money back into Miss O's account within four days of the initial transaction.

When M then also refunded the payment in August, it was right for Monzo to deduct the second credit from Miss O's account. I believe they did this fairly giving her notice and then working with her to make arrangements so her account wouldn't go overdrawn.

I understand the Miss O feels she had to work hard to get agreement to this, but from what I've seen Monzo was trying to help in all of the communications they had with Miss O. I also appreciate that she felt they shouldn't take the whole amount as M still needed to refund her other payments she had made, but these transactions were separate and needed to be treated as such.

I know Miss O will be disappointed with this outcome. But my decision ends what we – in trying to resolve her dispute with Monzo – can do for her.

### **Putting things right**

Monzo should pay Miss O £80 in compensation for the errors they made when communicating with her. They can deduct from this amount, any payments they have already made in relation to this.

### **My final decision**

For the reasons set out above, my final decision is that I uphold his complaint and now require Monzo to settle things with Miss O as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 21 October 2022.

Amber Mortimer  
**Ombudsman**