

The complaint

Mr R complains that Monzo Bank Ltd did not contact a third party on his behalf to help retrieve a payment.

What happened

In November 2021, Mr R made an international payment from his Monzo account. In February 2022, Mr R contacted Monzo and explained he was having some issues getting the transaction reversed and sent back to his Monzo account. Monzo explained that they use a third party provider, 'W' for international transfers and if Mr R had an issue with an international transfer made from his Monzo account, he would need to contact W himself directly to try and fix the issue.

Mr R was unhappy with this and felt his contract and account was with Monzo, not W, so Monzo should be contacting W themselves to try and fix the issue. He also said that he is dyslexic so would prefer Monzo to deal with the issue on his behalf. Mr R received a call back from a manager at Monzo who explained that ordinarily they would ask a customer to contact W directly as they are a third party, so the customer would be best placed to try and fix the issue themselves, but that in some circumstances they could contact W. Mr R maintained that he would like Monzo to deal with the issue for him and the manager agreed to arrange this.

In response to this, the payments team again confirmed that Mr R should contact W directly himself as he is best placed to deal with the issue. Mr R raised a complaint as this advice was different to what the manager had assured him. Monzo issued a final response letter in which it explained that once an international payment is sent from Monzo to W, Monzo no longer has visual sight of the payment so can't locate it themselves, which is why customers should contact W directly if they have issues. But they offered him £50 for being given incorrect information. Mr R rejected this and referred the complaint to our service.

Our investigator looked into the complaint. They felt that Monzo was correct to direct Mr R to contact W directly, as he entered into an agreement with W when he made an international payment with Monzo. And they agreed with Monzo's reasoning as to why Mr R would be better placed to contact W directly. But they accepted that the manager had said Monzo could still have contacted W on his behalf, which it ultimately didn't do. As Mr R had already retrieved the £1,500 transaction when he went to France and withdrew the funds in cash, the investigator only considered compensation. They recommended an increased level of compensation to a total of £150.

Mr R disagreed with the outcome. He explained the crux of his complaint was that Monzo tried to force him to deal with W, even after he asked them to deal with the issue on his behalf. As an informal agreement could not be reached, the complaint has been passed to me for 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.

Having done so, I think that while Monzo's initial contact with Mr R in which it directed him to contact W directly was reasonable, it has then caused confusion in providing Mr R with conflicting information about its service standards. Because of this, I uphold the complaint and direct Monzo to pay Mr R £150 compensation for the distress and inconvenience the matter has caused him.

As Mr R says, the crux of his complaint is that Monzo made Mr R deal with W directly and that it did not offer him assistance when he had problems retrieving a payment. He's said his contract was with Monzo and not W.

I've considered this carefully, along with the evidence I have been provided. Monzo has provided a screenshot of what Mr R would have seen when he made an international payment through his Monzo application. This clearly showed that the payment was being made through W and that by making the payment, Mr R was accepting W's terms of use, as well as additional terms of use of Monzo.

Looking at W's terms of use, it is clear that Mr R has entered into an agreement with W by using their services. I've also considered Monzo's terms and conditions, specifically about third parties. Monzo's additional terms make it clear that international payments are carried out solely by W under the terms and conditions Mr R agreed with them. Monzo's terms and conditions also state that they will not be responsible for any problems with a third-party system.

Considering all of this, I think Monzo's initial position that it asks customers to contact W directly when they have issues with international payments is reasonable. They've made it clear that Mr R has entered into an agreement with W directly and that Monzo has no involvement in the transaction once it is sent to W. Because of this, Mr R was best placed to raise an issue about the transaction with W as he had the relevant information about what had happened. I've taken into account the fact Mr R is dyslexic and prefers telephone communication, but I note Monzo gave him both an e-mail and telephone contact for W. So I don't think it acted unreasonably in the circumstances.

I note Mr R has said Monzo did not give him information about the transaction so that he could raise a complaint with W. But I can see that when he first contacted Monzo about the issue, the member of staff at Monzo said they would need to give him a few details about the payment so W's customer support team could locate the payment. They asked Mr R to verify his identity so they could share the information, but Mr R refused to do so as he did not want to contact W himself. So, I think that Monzo did try and give Mr R the relevant information about the payment so that he could raise a complaint directly with W, but Mr R did not complete the identity verification.

I think the error has occurred when a manager at Monzo assured Mr R they would contact W on his behalf. While I do think the manager was trying to provide good customer service at the time and help Mr R, it was ultimately decided by the payments team that it would still be better if Mr R contacted W directly. And as I explained previously, I don't think this decision was unreasonable. And I note it repeats what Mr R was told the first time he contacted Monzo about this issue. I do think the few weeks after Mr R's conversation with the manager was confusing as he was expecting Monzo to contact W directly at that point, but in the end they did not. And I think this would have been distressing for Mr R and ultimately caused him inconvenience. In the circumstances, I think £150 compensation is a fair amount and reflects

this period of uncertainty.

It should also be noted it is still unclear if contacting W at any point would have ended up in the funds being retrieved. Thankfully, Mr R was able to withdraw the funds in cash when he was in France. I note he could have done so sooner in the United Kingdom, but he did not want to incur additional fees, which I think is understandable.

Putting things right

I think Monzo incorrectly informing Mr R that they would contact W on his behalf caused confusion and inconvenienced Mr R. And I instruct Monzo to pay Mr R £150 compensation in recognition of this.

My final decision

I uphold Mr R's complaint against Monzo Bank Ltd and require it to pay Mr R £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 27 February 2023.

Rebecca Norris
Ombudsman