

The complaint

Mr E has complained that Monzo Bank Ltd held him liable for cash which he says did not dispense.

What happened

In early 2022, Mr E requested £400 from a cash machine. He explained that the last note which dispensed came out skewed sideways, and the last £20 did not dispense at all. So he found he'd only been given £380 when both he and the nearby shop owner counted it.

Mr E reported this to Monzo on the same day. Monzo tried a chargeback, and when it wasn't successful it held Mr E liable for the £20 he said was missing.

Our investigator looked into things independently. They asked Monzo for further evidence to show what really happened. But Monzo refused to gather it, saying it had already followed the guidelines for the chargeback scheme. Our investigator upheld the complaint.

Monzo asked for an ombudsman to review things afresh, so the complaint's been passed to me to decide.

I sent Mr E and Monzo a provisional decision on 15 November 2022, to explain why I thought the complaint should be upheld. In that decision, I said:

Monzo's arguments have been based primarily on MasterCard's chargeback scheme rules. But MasterCard are not deciding this complaint, we are. And we are not bound by the chargeback scheme rules. Chargebacks are just a voluntary scheme, and are just one possible way a bank can try to get a customer's money back.

As Monzo should know, we look at cases based on the relevant laws and regulations – the most relevant here being the Payment Services Regulations. These require that Monzo prove the disputed withdrawal was executed properly and was not affected by any technical breakdown or other deficiency – i.e. that it dispensed fully and correctly, not just that it debited the account successfully. And of course, we ultimately look at cases based on what is fair and reasonable. Under those considerations, Monzo must be able to show that it was entitled to debit the full £400 from Mr E's account, otherwise it cannot fairly hold him liable for it all. I would also remind Monzo that under the Financial Services and Markets Act, it is required to provide the specified evidence we consider necessary.

So with the above in mind, the chargeback scheme rules are not really relevant here.

Monzo has provided a journal roll for the ATM, showing that £400 was requested and that the transaction was authenticated. But contrary to what Monzo has argued, it does not appear to show what notes were actually dispensed, only the amount that was requested. It also does not appear to specify what errors there were either way. Its main focus seems to be on the authentication and cryptography, rather than what was or was not dispensed. And it's notable that the codes in Mr E's withdrawal differ significantly from the successful withdrawals before and after – which tends to indicate that something may have gone wrong with Mr E's transaction. So this journal roll does not satisfy me that the transaction executed correctly, nor that Monzo was entitled to hold Mr E liable for the full amount.

The other evidence we've asked for is standard evidence that other businesses do not have such issues providing. Monzo indicated it may have its own difficulties gathering it, as it's not signed up to the Link scheme. But if that is the case then I'm afraid that's a problem Monzo needs to work out for itself – it's not a problem it can fairly pass on to customers.

The evidence we've asked for is very relevant. For example, we asked for evidence of whether the ATM balanced and whether any cash was held in the purge bin, but Monzo did not provide this. And without this, I cannot be satisfied that the ATM actually dispensed all the cash it thought it did, or that the disputed £20 did not get stuck or otherwise fall into the purge bin, and so on. We also asked for evidence from the ATM owner of whether there were any other reported issues with this machine around the time, but again Monzo did not provide this. So I cannot be satisfied that the machine was in full working order at the time.

On the other hand, Mr E's testimony is – in and of itself – evidence. And his testimony has been consistent and credible. I've not found any good reason to disbelieve him. What he's described – a note or two failing to dispense – can and does happen from time to time, for a variety of reasons.

In summary, Monzo has not proven that the disputed withdrawal was executed properly and without deficiency, nor has it sufficiently evidenced that it was entitled to debit Mr E's account for the full amount. On the other hand, it seems both likely and plausible that Mr E really did not receive the disputed £20. It follows that I currently think Monzo must refund it. Really, I am unsure what else Monzo expect to achieve by refusing to evidence its own side of the case.

Monzo pointed out that there were other cases where it did not lose. But as it knows, we look at each case on its individual merits. I've explained above why I think Monzo is not entitled to hold Mr E liable for the disputed amount in this case.

Lastly, I can see that Mr E was caused some real trouble and stress in trying to get this sorted out. He described how he had to explain himself repeatedly, only to get the same generic responses back, and how upset it made him feel to be disbelieved based on so little. And he's had to wait almost a year for this issue to be resolved, not least due to Monzo's incorrect approach. That needs to be put right, too.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 29 November 2022. Both sides replied, which I'll talk about below.

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.

Monzo explained that it had difficulties accessing the information we'd asked for, and that it was working things out on that front, but in the meantime it agreed to settle this particular case in the way I'd suggested. I appreciate Monzo's point of view and I'm grateful for its agreement to settle things.

Mr E reiterated how disappointed he was with Monzo – and particularly with a manager he'd spoken to who chose not to refund him.

I understand Mr E's point of view, and why he may have felt like the manager was implicitly accusing him of lying. I should explain, though, that in cases like these a refund isn't a matter of judging the customer's character; it's a matter of whether the evidence supports a refund or not. Monzo felt that they had strong enough evidence that they could debit the £20 from Mr E's account, whereas I felt that their evidence wasn't strong enough and that it was more likely Mr E had lost out. I hope I can reassure Mr E that this was not a personal matter and his character was not being called into question.

I also understand that Mr E would like that manager to acknowledge they got things wrong by way of apology. The problem is that if I were to tell them to do so, it would seem forced rather than genuine – they'd be saying sorry because I told them to. So we don't normally tell businesses or their specific employees to do that, as it doesn't often tend to help much. Instead, we commonly tell businesses to pay compensation, to acknowledge what they got wrong and the impact it had. That's why I've awarded the additional £100 compensation here – to help put right the upset Mr E felt. And as standard, banks will give their staff feedback on complaint outcomes.

Putting things right

I direct Monzo Bank Ltd to:

- refund the disputed £20;
- pay simple interest to Mr E on the £20, at the rate of 8% simple a year, payable from the date it was last debited until the date it's returned[†]. This is to compensate Mr E for the time he didn't have that money.
- pay Mr E £100 compensation for the trouble and upset it caused.

[†] HM Revenue & Customs requires Monzo to take off tax from this simple interest. Monzo must give Mr E a certificate showing how much tax it's taken off if he asks for one. Mr E may be able to claim the tax back from HMRC if he does not normally pay tax.

My final decision

I uphold Mr E's complaint, and direct Monzo Bank Ltd to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 27 December 2022.

Adam Charles
Ombudsman