

The complaint

Mrs A complains that Monzo Bank Ltd didn't treat her fairly when she requested a refund of a payment made with her debit card.

What happened

Mrs A bought a property in an online auction in August 2021. She paid an amount of £8,120 to the auction house on 28 August. I understand that the sale was to complete in October but Mrs A was unable to complete the purchase. She asked the auction house for a refund but was unsuccessful.

Mrs A asked Monzo for help on or around the 8 November. Card suppliers like Monzo can ask a card scheme (companies that run the card networks for example VISA or Mastercard) for a refund or chargeback on behalf of their customer if there's a problem with the goods or services they've paid for. These rules for requesting a refund are made by the relevant card schemes and refunds aren't guaranteed.

Monzo asked Mrs A for information about the transaction in order to raise a request for her. Following many exchanges, Monzo raised a chargeback request for Mrs A with the card scheme on 8 January 2022 on the basis that she didn't receive the goods she'd paid for. This was outside the time allowed by the card scheme for chargeback requests which is 120 days from the transaction date, in this case the 24 December 2021. Monzo submitted the request on the basis that the 120 days started from the planned completion date of the 21 October 2021.

I understand that the card scheme declined the request on 26 February and that Monzo shared this information with Mrs A in March. It asked that she provide any further information by the 30 March. Mrs A told Monzo that the property seller, not the auction house, had offered her a refund and Monzo asked for proof of this on 28 March but didn't receive a response from Mrs A.

On 30 March Monzo told Mrs A that it understood the reason the sale did not go ahead was that she was unable to organise a mortgage on the property before the planned completion date and so the seller cancelled the contract. Monzo said that in this case the terms and conditions of the auction allowed the auction house to keep the deposit. If Mrs A could provide proof that this wasn't what happened in the form of a mortgage offer shown to the seller's solicitor within the timeframe then it would consider taking the case forward. However, Monzo also said that it wasn't confident it would win the case given how long it had been since the transaction had taken place. It told Mrs A that it was likely the card scheme would decline the chargeback request on this basis alone.

Mrs A was unhappy with this outcome and complained. Monzo didn't uphold her complaint as it said it had followed its internal procedures and regulatory guidelines. It also said that the card scheme assessed the claim and ruled in favour of the auction house.

Mrs A referred her complaint to us. She said that Monzo didn't open a chargeback request fast enough and then told her it would not be considered as it was out of time. She said

Monzo hadn't acted fairly and didn't do what she'd asked. Mrs A would like to have her money refunded. She said that it doesn't make sense for her to lose her life's savings and get nothing in return.

One of our investigator's looked into Mrs A's complaint but didn't recommend that it be upheld. They found that Monzo raised a chargeback request when it had the information it needed and the request didn't succeed because of the circumstances of the claim not because Mrs A was out of time or because Monzo made any errors in the chargeback process.

Mrs A didn't agree with this recommendation and asked for her complaint to come to an ombudsman to decide and it's 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.

For clarity, this is a complaint about how Monzo dealt with Mrs A's chargeback request. I have not looked into whether or not the supplier, in this case the auction house Mrs A made her winning bid through, treated Mrs A fairly when it charged her an amount of £8,120 in August 2021. That question is outside my remit and might be best dealt with either through a complaints process with the auction house, its associated ombudsman scheme or through the courts. I'm considering here whether Monzo acted fairly and reasonably in the way it handled Mrs A's request for a refund.

Having considered everything carefully, I am not upholding Mrs A's complaint. I've concluded that Monzo didn't get anything wrong in its handling of Mrs A's refund request which meant that she missed out on the possibility of having her money returned. I appreciate that this is not the outcome Mrs A is hoping for and I am sorry to disappoint her. I hope the following clearly explains how I've reached this conclusion.

When Mrs A asked Monzo for help, Monzo requested a chargeback from the card scheme. Chargeback is a process that allows customers to ask for a transaction to be reversed if there's a problem with the goods or services they've paid for. The chargeback process is subject to rules made by the relevant card schemes (companies that run the card networks for example VISA or Mastercard) and refunds aren't guaranteed. There are specific circumstances in which such a request can be raised and strict time limits for doing so.

Monzo raised a request on the basis that Mrs A didn't receive the goods she'd paid for. She hadn't gone through with the purchase and so didn't end up as the owner of the property she'd bid on although she'd paid £8,120. The chargeback was considered invalid by the card scheme because the T&Cs Mrs A accepted stated that deposits were non-refundable. Monzo provided a copy of the response from the card scheme which states its view along with supporting evidence of email exchanges between the auction house and the solicitors acting for Mrs A and the seller. These confirm that Mrs A was unable to proceed with the purchase and the sellers had rescinded the contract. There is no mention of time limits in the response.

The auction house provided a copy of the Terms and Conditions (T&Cs) Mrs A signed up to in order to bid and I've reviewed these. These state that the successful bidder will be charged a deposit of 5% of the sale price subject to a minimum of £5,000. The bidder is also charged an auction fee of £2,500 plus VAT and pays for the property's legal pack provided by the seller. These fees are non-refundable if the sale fails to complete through no fault of

the seller. The completion date set out in the contract was 8 weeks from the contract date of the 26 August 2021 and Mrs A hadn't been in a position to complete in time.

Monzo concluded that the deposit Mrs A paid was non-refundable under the circumstances and so the chargeback had been correctly challenged by the card scheme. It told Mrs A that unless she had evidence to show that this wasn't what had happened then there wasn't any way to successfully challenge what the card scheme had decided.

Mrs A told Monzo that the property seller had offered her a refund but she didn't provide any evidence of this when Monzo asked about it. Given the reason why the card scheme had declined the chargeback request and the evidence available to Monzo, I don't think it treated Mrs A unfairly or unreasonably by not challenging the card scheme's rejection. I appreciate that the request was made outside of the 120 day deadline, but even if it had been made in time, it doesn't seem to me that the card scheme's response would have been any different.

In summary, I haven't found that Monzo treated Mrs A unfairly when she asked for help in having her payment to the auction house refunded. I am not upholding Mrs A's complaint and don't require Monzo to take any further action in this regard.

My final decision

For the reasons I've explained above, I am not upholding Mrs A's complaint against Monzo Bank Ltd and do not require it to take any action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 10 April 2023.

Michelle Boundy
Ombudsman