

The complaint

Miss F complains that Monzo Bank Limited won't make any form of refund for a payment made on her debit card account for a holiday.

What happened

In June 2022 Miss F used her Monzo debit card account to pay £1669.19 to a holiday company for a holiday in July 2022. On arrival at the hotel she said it was lacking in basic amenities and smelled bad and had mould. So she spoke to the holiday company and she was moved rooms. Once she completed the holiday she complained to the holiday company, but it didn't refund her. So she took her complaint to Monzo.

Monzo looked into the matter and says it asked Miss F for further evidence. Once it considered everything it didn't take her Chargeback any further. So it didn't think it could do any more for Miss F. Miss F didn't think this was fair, so she brought her complaint to our service. Our investigator looked into the matter. Overall, she thought Monzo had acted fairly by declining Miss F's request for a refund. Miss F didn't agree. So the complaint 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.

I should make very clear that this decision is not about the holiday company or the hotel, which aren't within my remit. I can see from Miss F's representations to the Investigator that Miss F is (understandably) focusing on the actions of the Holiday company and hotel. However whatever the issues there maybe with the Holiday company and just because Miss F feels she's lost out, it doesn't necessarily follow that Monzo has treated Miss F unfairly.

Monzo's role in the matter is to be considered only under the Chargeback rules in place as this transaction was on Miss F's Monzo account which is a debit card account. The Chargeback rules are a voluntary scheme and consumers do not have a right to a chargeback being raised. It is the case however that this Service considers raising a chargeback to be good practice. Monzo can only be held responsible if it has failed in some way. And the question of whether or not Monzo has treated Miss F fairly is the only question I can decide upon in this decision. This is an important distinction which I hope I've made sufficiently clear.

Miss F accepts she made this transaction for the holiday with the holiday company in question and doesn't dispute the amount, date, or other aspects of the transaction itself. Having looked into the matter I'm satisfied the transaction was properly authorised by Miss F and correctly applied to her account with Monzo.

could Monzo challenge the transaction through a chargeback?

In certain circumstances, when a cardholder has a dispute about a transaction, as Miss F does here, Monzo (as the card issuer) can attempt to go through a chargeback process. I don't think Monzo could've challenged the payment on the basis Miss F didn't properly authorise the transaction, given the conclusions on this issue that I've already set out. Monzo is required to consider whether there is a reasonable prospect of success when it is considering whether to go through the chargeback process or not. If it does go through the process, then it must do so properly. And if Monzo takes the chargeback as far as it can then the scheme provider (not Monzo) will then make an independent determination on the matter. So Monzo isn't solely responsible for the decision whether to refund or not when going through the chargeback process. And it can fairly decide to not proceed at any stage if it doesn't think there is a reasonable prospect of success. I can see Miss F raised the matter with Monzo and it explained it needed more evidence from her about the state of the hotel. I can see two photographs Miss F provided however they do not really demonstrate anything with regard to the room's state bearing in mind they are in extreme close up of indistinguishable walling or flooring. Miss F has also provided screenshots of her discussions with the holiday company. But all this demonstrates is that she wasn't happy with the room. The evidence Miss F has provided is unpersuasive as to the state of the room and or hotel.

Monzo says, in essence, that it decided it didn't have a reasonable prospect of success without proper evidence and as Miss F didn't supply it, it didn't take the matter further. I've considered this and I'm not persuaded Monzo treated Miss F unfairly here. It asked her for help with her dispute and she didn't supply what it needed to take the matter further. And it's clear she stayed for the full length of the booking and used the amenities she paid for.

In summary this is a decision about what Monzo is responsible for regarding this transaction for this holiday. The test here is did Monzo consider the Chargeback situation here properly. I think that Miss F hasn't lost out here as I think Monzo made a fair decision in not pursuing the chargeback any further. So I don't think I can fairly require Monzo to refund Miss F for the holiday. So this complaint is unsuccessful.

My final decision

For the reasons set out above, I do not uphold the complaint against Monzo Bank Limited. It has nothing further to do in this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 8 March 2023.

Rod Glyn-Thomas
Ombudsman