

The complaint

Mr A and Miss G complain Monzo Bank Ltd didn't treat them fairly when requesting a refund of a payment made with their debit card.

Mr A brought the complaint to us so I'll refer to him throughout.

What happened

Mr A bought rail tickets using his Monzo Bank joint debit card in July 2022. He couldn't use the tickets how he wanted to so he asked the ticket provider for a refund. When he didn't get a response he asked Monzo for help to claim a refund. I understand that this was on or around 8 August.

Monzo can ask Mastercard for a refund on behalf of their customer if there's a problem with something they've paid for. These rules for requesting a refund are made by Mastercard and refunds aren't always guaranteed. Monzo asked Mr A for some information about the transaction to raise a request for him.

Mr A said that Monzo didn't treat him fairly during this process. When he completed the dispute form Monzo told him it needed more information and he would need to complete the form again. Mr A did this but was told he still hadn't provided the information Monzo needed. Mr A said Monzo wasn't clear about what information was needed and responses to his queries about this were generic. Monzo also asked him for information he'd already provided. Mr A said he dealt with a number of representatives and felt they didn't understand his issue. Mr A said that all of this took up his time and caused frustration, stress and anxiety to him and his partner.

Mr A also said that Monzo failed to properly acknowledge his declaration of a disability and his potential need for adjustments. Mr A said it's not always possible to know which adjustments he needs in different situations. So it's important that Monzo contact him to understand what is considered reasonable and what adjustments it can provide. Monzo did not do this.

What Monzo said

Monzo upheld Mr A's complaint. In a final response letter to him on 16 August, Monzo acknowledged that it had gotten things wrong. There were errors in helping Mr A with his disputed payment refund and numerous errors in the customer support it provided. Monzo also acknowledged Mr A's disability and said that someone would be in touch about the support it could offer. It offered Mr A £50 in recognition of its errors.

I noticed that the final response letter also addressed another complaint Mr A had raised regarding his sole account. I asked Monzo about the other complaint and Monzo said that it had already offered Mr A compensation for that. Monzo said that it hadn't paid Mr A and Miss G compensation for this particular complaint.

What happened next

Mr A was unhappy with the final response and referred his complaint to us. He said to resolve things he would like more compensation from Monzo. Mr A also said the ticket provider had refunded him in full by 16 August so Monzo didn't need to help with that now.

Our investigator looked into things and said Monzo could have made a request to Mastercard with the information it had. So this delayed things unnecessarily for Mr A. They also said Monzo didn't act quickly when Mr A shared that he had a disability. And so it didn't make any adjustments for this in how it dealt with him. They recommended that Monzo pay Mr A a further £150 in addition to what it had offered, bringing the total compensation amount for this complaint to £200.

Response to the investigator's findings

Monzo didn't agree with this recommendation. It said that it wasn't fair to expect it to have raised a dispute in hindsight without the information it had requested. Just because the ticket provider had now provided the refund didn't mean it should have. Monzo also said that it had no record of Mr A's telling them about his health at the time. And there had been nothing from him to say he needed further support.

Mr A agreed with the recommendation. But also said Monzo's response had aggravated this matter for him and he would now like more compensation to resolve his complaint.

Both Monzo and Mr A asked for the complaint to come to an ombudsman to decide and it has 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.

The facts of the case are known to both Mr A and Monzo so I won't set out what happened in further detail. I want to reassure Mr A and Monzo I have reviewed all the information available and taken into consideration everything that's been said. I know how important this is to Mr A and I am sorry to hear the impact this has had on him and Miss G.

To be clear I am not considering whether the ticket provider got anything wrong in its dealings with Mr A. And I'm not considering whether Mr A's claim for a refund via Monzo would have succeeded. My main consideration is whether Monzo acted fairly and reasonably in the way it handled Mr A's request for a refund. I'm also considering the way Monzo responded to the personal information he'd shared.

The refund process

It seems to me Monzo wasn't flexible in its approach to the refund process insisting Mr A complete a new form to provide more information. It then increased Mr A's frustrations by asking him for information he'd already provided. I appreciate the rules for claiming refunds are set by Mastercard. However, our investigator found that Monzo could have started a refund request on the basis Mr A didn't receive the service he paid for. And Monzo could have used the information Mr A provided and without the need to ask him for further information. I've looked at the Mastercard rules and see no reason why Monzo could not have done so.

As it happens, Mr A received his refund about a week later through the ticket provider. So I don't think what happened delayed things too much for Mr A. However, Monzo has

acknowledged this wasn't good customer service. Mr A said that the refund wasn't a small amount of money to him and his partner. It was part of their holiday budget and being unable to use these funds left them stressed and anxious.

Providing adjusted support

Our investigator also found that Monzo knew about Mr A's disability by 9 August. But Monzo didn't make any adjustments to the way it communicated with him. Monzo said in response that Mr A hadn't disclosed his disability to it when it was dealing with his refund request. Monzo issued its final response of the 16 August. Monzo told Mr A that someone would be in touch to discuss what support it could provide within seven days. Monzo also said that it had a specialist team available when customers disclose vulnerabilities that require further support. However, it couldn't be held responsible in this case as Mr A hadn't specifically asked for further support.

Firstly, I can see from the information Mr A provided that he told Monzo of his disability in an email on 9 August. At the same time, he raised a complaint about his experience of the refund process. He also made comments about a previous complaint he'd raised about poor customer service. It seems clear to me from this communication that Mr A was unhappy with how he was being treated. This should have prompted Monzo to acknowledge and act on what Mr A had shared. This didn't happen and Monzo continued to ask Mr A for information to support his refund claim.

I appreciate that Monzo did respond to Mr A's disclosure in its final response letter and contacted him about this directly on 25 August. However, I think it should have acted on this information sooner. Mr A had explained he was having a poor experience trying to resolve an existing issue and this was part of the reason why.

Was the compensation fair?

I don't think the amount of £50 Monzo offered to resolve Mr A and Miss G's complaint fully reflects the impact that this experience had on them.

There isn't a specific calculation for awards to compensate for the emotional impact of errors. We have an approach which I've considered alongside everything else when making this decision. This approach is set out on our website. It says an apology or a small award of less than £100 will typically compensate a one-off incident like a small error or short delay. In other words we would award this for an error that caused minimal impact that is put right quickly. It seems to me that Monzo has accepted in its final response this isn't the sort of error that happened here.

An award between £100 and £300 might be fair where there have been repeated small errors requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation. I think an award in this range would be appropriate.

Putting things right

Our investigator suggested an amount of £150 in addition to the £50 Monzo offered to resolve Mr and Miss G's complaint about these errors. This amount seems to me to be a fair and reasonable amount in the circumstances. Monzo now needs to pay £200 to Mr A and Miss G.

My final decision

For the reasons I've set out I'm upholding Mr A and Miss G's complaint about Monzo Bank Ltd. Monzo needs to put things right as I've said.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Miss G to accept or reject my decision before 18 April 2023.

Michelle Boundy
Ombudsman