

The complaint

Mr S has complained about the way Monzo Bank Ltd facilitates its international payments via a third party company.

What happened

Mr S had problems making an international payment. Monzo initially said the transaction had been successful when it had in fact failed because the amount was over Mr S's payment limit.

Monzo accepted there was a system error and paid Mr S a total of £38.10. £18.10 was to compensate him for the exchange rate fluctuation at the point that the transaction eventually went through. £20 was for Mr S's inconvenience.

Our investigator thought that Monzo's response was fair and reasonable. He also thought that it had acted in line with its operating terms and conditions.

Mr S has no issue with Monzo outsourcing its international payments to a third party or Monzo's response to that part of his complaint about the failed transaction. But he's unhappy that he can manage some processes through the Monzo's App but not others. He's also unhappy that Monzo referred him to the third party to sort out the issues he was having, which he considers to be illegal under the contract he has with Monzo.

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 Financial Ombudsman Service was established to be a quick and informal service. This doesn't mean we apply any less rigour or care in reaching our decisions. However, it does mean that we might not address each and every point in the way that Mr S might wish. So, whilst Mr S has framed his complaint in terms of FCA compliance and the legality of Monzo's actions, I intend to stick to the crux of the matter at hand. I would however like to reassure Mr S that, even though I might not mention it directly, when considering what is fair and reasonable, I am taking into account relevant law, regulation and guidance.

The Monzo App allows customers to add new payee details and select existing payees to make payments. But to access, edit or remove existing international payees, you have to sign in to the third party account, which Mr S finds unacceptable. It's a matter for Monzo how it chooses to run its business, including the level of functionality it offers via its app. I'm unable to conclude that it has done anything wrong just because the service doesn't live up to Mr S's expectations of what he feels the App should be offering.

When Mr S had the problem with the international transfer, Monzo advised him to contact the third party's customer services. Mr S's view is that he is a customer of Monzo and not the third party. Also, Monzo's website states: *'We may need to share your question with*

(third party) if the problem is about the international transfer, as they make the transfers', which shows that it's role was to act as the intermediary in getting to the bottom of things.

Monzo's explanation for referring Mr S was that it wasn't always in a position to look at the full details of the third party's actions and that it was only the third party that had the ability to have full control and scope of any investigation.

I do appreciate Mr S's arguments in relation to this issue. I agree that the wording on Monzo's website gives the impression that it will keep ownership of any customer service issues. However, given the partnership arrangement with the third party, and the third party being solely responsible for international payments, on a practical level it makes a lot of sense that queries of that nature are handled directly by the third party. On balance, whilst it could have been made clearer, I consider it reasonable that Monzo referred Mr S to the third party in relation to the failed payment.

In terms of the functionality of Monzo's own app, I agree that the third party wouldn't be responsible for Monzo's user interface. But I don't think Monzo was referring him to the third party about that issue. I'm not persuaded that it told him to contact the third party to avoid carrying out work on its own App.

Mr S says he doesn't recall agreeing to the terms and conditions and that Monzo hasn't provided any evidence that he did so. But agreeing to the terms and conditions was part of the process of setting up the third party account. On the basis that Mr S successfully set up an account, I'm satisfied that he must have agreed to the terms and conditions at that initial stage.

My final decision

For the reasons set out above, I do not uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 June 2023.

Carole Clark
Ombudsman