

The complaint

Mrs M and Mr M are unhappy that Monzo Bank Ltd charged them interest on a portion of an overseas cash withdrawal.

What happened

Mrs M and Mr M withdrew £207 from an ATM while holidaying in the Caribbean and found that they'd incurred a 3% charge on £7 of that withdrawal. When Mrs M and Mr M contacted Monzo about this, they were told that it was correct because their fee-free daily withdrawal limit was £200. But Mrs M and Mr M believed they met Monzo's criteria to qualify for a higher fee-free withdrawal limit of £400, so they raised a complaint.

Monzo responded to Mrs M and Mr M and reiterated that they hadn't qualified for the higher fee-free withdrawal limit as they believed. Mrs M and Mr M weren't satisfied with Monzo's response, so they referred their complaint to this service.

One of our investigators looked at this complaint. They felt Monzo could have explained the criteria for being eligible to benefit from the higher fee-free withdrawal limit more clearly, but felt that ultimately, Mrs M and Mr M had been charged correctly by Monzo. Mrs M and Mr M remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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 issued a provisional decision in this complaint on 3 July 2023 as follows:

Monzo have explained that Mrs M and Mr M have a 'standard' Monzo account, and not a fee-paying 'Monzo Plus' account, and that it's only Monzo Plus account holders who are eligible to receive the higher fee-free withdrawal limit that Mrs M and Mr M refer to.

However, Mrs M and Mr M point out that their belief that they do qualify for the higher fee-free limit comes from Monzo's own literature, which includes the following:

Understand your overseas ATM cash withdrawal fees.

Those who meet the criteria for higher allowances or have Monzo Plus get unlimited fee-free cash withdrawals in the UK and EEA, and fee-free withdrawals on up to £400 everywhere else.

Mrs M and Mr M note that they do meet Monzo's criteria for higher allowances, which includes that account holders must pay at least £500 every 35 days into a Monzo account and have at least one active Direct Debit on the same account. And, having reviewed Mrs M and Mr M's Monzo account statements, I'm satisfied they met those

criteria, so I understand why they felt they should have been entitled to the £400 fee-free limit referred to above.

In their response to Mrs M and Mr M's complaint, Monzo explained that the £400 fee-free limit is only available for customers who are subscribed to Monzo Plus.

But this isn't what Monzo's literature quoted above describes, which instead sets the criteria for qualifying for the higher fee-free limit as being 'those who meet the criteria for higher allowances or have Monzo Plus'.

Monzo note that the information page which included the quoted paragraph also referred their customers to their fees and allowances page which provided the correct information that only Monzo Plus customers were eligible to receive the higher fee-free withdrawal limit.

But I don't see any reason why Mrs M and Mr M would reasonably have had cause to review Monzo's fees and allowances page, given that the quoted paragraph provides all the information necessary for Mrs M and Mr M to have understood that if they did meet the criteria for higher allowances – which they did – then they were entitled to receive the higher fee-free allowance.

All of which means that my provisional decision here will be that I'm upholding this complaint in Mrs M and Mr M's favour on the basis that I'm satisfied that they did act on a reasonably held belief, formed by reading Monzo's own literature, that they were entitled to the higher fee-free limit in this instance.

As such, my provisional instructions to Monzo are that they must reimburse the 3% charge applied to the £7 that incurred that charge back to Mrs M and Mr M along with 8% interest. Additionally, Monzo must also make a payment of £100 to Mrs M and Mr M as compensation for the trouble and upset this matter has caused – which I feel could have been avoided had Monzo recognised why and how Mrs M and Mr M came to the belief that they should be entitled to the higher fee-free limit when they first brought the matter to Monzo's attention.

Monzo responded to my provisional decision and reiterated that they felt they had charged fees in line with their terms. However, Monzo didn't provide any new information that I feel gives me cause to change my decision here – which is that I feel it was reasonable for Mrs M and Mr M to believe they did qualify for the higher fee-free allowance on the basis of the information provided by Monzo as quoted above.

Monzo also explained that they felt the transaction had exceeded £200 because of a fee imposed by the ATM provider. But I don't see any evidence of such a locally imposed fee on the information Monzo have provided. And even if such a fee had been imposed, it wouldn't affect my view that it was reasonable for Mrs M and Mr M to believe that they qualified for the higher fee-free allowance as previously discussed.

All of which means that I see no reason not to uphold this complaint in Mrs M and Mr M's favour on the basis explained above. And I therefore confirm that I do uphold this complaint in Mr M and Mrs M's favour.

Putting things right

Monzo must reimburse the 3% charge applied to the £7 that incurred that charge back to Mrs M and Mr M along with 8% interest on that charged amount.

Monzo must also make a payment of £100 to Mrs M and Mr M as compensation for the trouble and upset this matter has caused.

My final decision

My final decision is that I uphold this complaint against Monzo Bank Ltd on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 28 August 2023.

Paul Cooper
Ombudsman