

## **The complaint**

Mr D complains about Monzo Bank Ltd's handling of his chargeback dispute about the non-delivery of his purchase of a pair of running shoes.

## **What happened**

In September 2022 Mr D purchased some running shoes online, and paid £72.57 for them with his Monzo Bank debit card. I will refer to the owner of the relevant website as "the merchant." The shoes were never delivered, and there were various signs indicating that the merchant was a fraudster. A few days after the purchase, Mr D asked Monzo Bank to raise a chargeback dispute. The bank did so in October 2022, and meanwhile it credited the purchase back to Mr D's account. But the merchant defended the claim by saying that the goods had been delivered on 26 October; it provided a tracking number.

There is a dispute about what happened next. The bank says it messaged Mr D via its app and asked him whether the goods had indeed been delivered, since it had not heard from him since 26 October. The bank says he did not reply, and so it was unable to pursue the chargeback further. In January 2023, it closed the dispute and re-debited the money from his account. But Mr D says he never received any such message, and after the chargeback dispute was opened the first he heard from the bank was in January, when he was told his claim had been unsuccessful.

Mr D then asked the bank repeatedly to explain why his chargeback claim had failed, and to re-open it and try again. The answer was that the chargeback having been closed, it could not be re-opened. Mr D then brought this complaint to our service.

One of our investigators upheld this complaint. She said that the tracking number provided by the merchant was for a delivery to an address more than 120 miles away from Mr D's address, and so Monzo Bank should not have accepted this evidence as proof of delivery. She also said that the bank had not allowed Mr D an opportunity to respond to the merchant's evidence, and that if it had done so, then the outcome of the chargeback dispute would have been different. She recommended that Monzo bank refund the payment, with interest on the refund, and pay him a further £50 for his inconvenience.

Monzo Bank did not accept that decision, although it did refund the purchase as a gesture of good will. However, it argued that this was enough, and that it shouldn't have to pay the interest or the £50, because it had done nothing wrong. It maintained that it had messaged Mr D to ask him if he had received the delivery, and since he had not responded, it had had no choice but to decline his claim.

Because agreement couldn't be reached, this case was referred for an ombudsman's 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.

Having done so, I uphold it. I will explain why.

It is no longer in dispute that the merchant was a fraudster and that Mr D's shoes were never delivered. But that doesn't automatically mean that Mr D's chargeback would have succeeded; it all depends on what happened while the claim was ongoing, and on what evidence was submitted by Mr D and by the merchant, and on how Monzo Bank dealt with the claim. This decision is about the bank's actions, not the merchant's.

If Monzo Bank did ask Mr D to respond to the merchant's claim that the shoes had been delivered on 26 October 2022, and he did not reply, then that would usually be enough to explain why the bank did not pursue the dispute any further. And once a chargeback dispute has been closed, then it cannot be re-opened again. So I would usually reject a complaint about a chargeback dispute in these circumstances. However, there are two reasons why I think this case is different.

Firstly, it is far from clear that this is what happened. As I've said, Mr D denies that he received a message from Monzo Bank asking him about the merchant's evidence. And Monzo Bank has provided two key pieces of evidence about this issue, which directly contradict each other.

Monzo Bank has provided a screenshot which does appear to show that on 21 December 2022, at 1:12 pm, it sent Mr D a message about his dispute. That message is titled "Non-Fraud Second Presentment". (The fact that Mr D had alleged fraud, but that his chargeback was dealt with under a reason described as "non-fraud", is not significant. I'm satisfied that the correct chargeback reason (goods not received) was considered in this case.) As I've said, Monzo Bank has told us that this message was sent via its app. That message timed out on 4 January 2023, which is the day that the bank declined Mr D's claim.

However, the second item of evidence submitted by Monzo Bank is a complete log of Mr D's chat history on the app, from February 2020 to May 2023. And it shows no contact whatsoever between 30 September 2022 and 4 January 2023.

I can't explain or reconcile these differences, and I won't speculate. Suffice to say that I am not satisfied on the balance of probabilities that the message was delivered to Mr D. Consequently, I agree with the investigator that Monzo Bank did not give Mr D an opportunity to respond to the merchant's evidence, or to confirm that the shoes had still not been delivered.

The second reason why I am upholding this complaint is because the evidence provided by the merchant in its defence does not stand up to scrutiny, and Monzo Bank knew that at the time.

As I've said, the tracking number provided by the merchant was for a delivery to an address 120 miles away from Mr D's home. I'll come back to that point, but first I will point out that there was nothing to connect that delivery to Mr D's name, or to his card, or to his payment, or to his order. It could have been about literally any delivery, of any goods, to any customer, paid for by any means of payment. So it was hardly convincing evidence, and I think the bank should have exercised a little more scepticism.

The discrepancy about the delivery address was not lost on the bank. The bank has provided a screenshot of an internal memo by its case handler, in which the author states that he or she has noticed that the delivery was to a different city to Mr D's address, with a "thinking face" emoji (🤔), and so they have decided to reach out to Mr D and ask him if the

goods had been delivered. (This is a second piece of evidence which supports the bank's claim that it did send Mr D a message. But I still think that the absence of such a message in the Chat History casts too much doubt on that.) So not only was the merchant's evidence inadequate to support its defence, but this was known at the time.

For both of these reasons, I think the bank threw in the towel too soon, and that this chargeback dispute still had a realistic prospect of succeeding if it had been pursued further. So I uphold this complaint.

### **Putting things right**

I now have to decide whether the bank's refund of Mr D's purchase on 29 November 2023 is enough to fairly resolve this complaint. And I don't think it is.

Our service's usual approach would be to award interest on the refunded payment at eight percent a year, from the date it was re-debited to the date it was refunded, so I'll do that.

I would normally think that further compensation of £50, over a chargeback dispute worth £72, was disproportionate. I think I would have reduced it, but for an email which the bank sent to Mr D on 30 January 2023 at 17:57. I think that email was a bit sarcastic, and fell short of the standard of professionalism I would expect from a bank in correspondence with its customers. It must have been irritating to read, and so I think that overall £50 is fair compensation in this case.

### **My final decision**

My decision is that I uphold this complaint. I order Monzo Bank Ltd to:

- Pay Mr D simple interest on its refund of £72.57 (which has already been paid) at the rate of eight percent a year, from 18 January 2023 to 29 November 2023; and
- Pay Mr D another £50 for his inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 March 2024.

Richard Wood  
**Ombudsman**