

The complaint

Mr H complains Monzo Bank Ltd failed to refund him for his cash not dispensed dispute he raised in March 2023.

What happened

Mr H says he visited his local ATM on 4 March 2023 and attempted to withdraw £400 from his Monzo account. Mr H says the money was not dispensed from the machine, but £400 was deducted from his account balance.

Monzo declined his claim and refused to refund the £400 in dispute. It refused on the basis that Mr H has made several previous ATM disputes under similar circumstances, so it says it's unlikely to have happened to him again.

Our investigator considered this complaint and decided to uphold it. Monzo disagreed so the complaint has been passed to me for a 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've decided to uphold this complaint for the same reasons as our investigator.

Monzo don't own the ATM in question. So, following Mr H's claim that the ATM didn't dispense the cash withdrawal he authorised, I'd expect Monzo to obtain relevant and appropriate information from the ATM operator to fairly and reasonably decide whether the cash was most likely dispensed, taking into account Mr H's submissions and all the available evidence.

Monzo has refused to obtain such evidence from the ATM owner on the basis that Mr H has raised several similar claims before which were all paid out via the chargeback process. So Monzo feels Mr H is abusing his rights under the chargeback scheme. However, for any ATM dispute I would've expected Monzo to investigate the complaint by asking the ATM owner for relevant evidence. These are the rules as set out by the Payment Service Regulations 2017.

As Monzo has not been able to provide any evidence that the £400 was correctly dispensed from the ATM, the only fair outcome to this complaint is to uphold it in Mr H's favour. This means Monzo should put things right as set out below.

Mr H also complained that Monzo unfairly closed his account. However, I'm satisfied that Monzo gave Mr H the required two-months' notice and closed the account in line with their terms and conditions. So, I don't think Monzo have acted unfairly here. I believe Mr H's account is still overdrawn; Mr H should make arrangements to pay off the outstanding balance as soon as possible to avoid negative information being recorded against him on his credit file.

Since receiving the initial outcome from our investigator Mr H has asked for compensation for distress and inconvenience. But I think Monzo responded to Mr H appropriately and provided him with their outcome in a timely manner. I have not seen any evidence that Monzo caused any additional stress and inconvenience than one would expect for a complaint of this nature. So, I have not awarded any compensation in this case.

Putting things right

Monzo should refund Mr H the ATM disputed amount of £400, plus the £4.50 transaction fee. Monzo should get in touch with Mr H to ask for his bank account details to make the payment. The refund should not automatically be paid into his overdraft with Monzo.

My final decision

I am upholding this complaint and Monzo Bank Ltd should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 May 2024.

Sienna Mahboobani
Ombudsman