

The complaint

Miss S has complained about the way Monzo Bank Ltd treated her following a disputed transaction claim and that it hasn't provided her with an acceptable level of compensation.

What happened

Both sides are familiar with the case, so I'll summarise things in brief.

On 17 May 2023 Miss S raised a disputed transaction claim with Monzo when she didn't receive goods she'd paid for. The claim was for £82.99. Monzo refunded the payment to Miss S whilst it investigated the claim – but on the same day, she also received the money back from the merchant.

Monzo contacted Miss S on 26 May 2023 saying it would collect the £82.99 it had refunded to her within 14 days. It said she should make sure she had enough funds to cover the payment. Monzo added:

'If you're worried about repaying this amount, please let us know and we'll do what we can to help'.

Miss S contacted Monzo the same day to say she was unable to meet the payment and was worried about the implications of not doing so. This was acknowledged by Monzo who said it would refer the case to its financial support team.

Miss S chased Monzo on several occasions between 26 May and 5 June 2023 but had no response so she made a complaint.

Monzo's financial support team contacted Miss S on 6 June 2023 asking for more information about her financial situation. Monzo collected the £82.99 payment on 9 June 2023 meaning Miss S's account was overdrawn.

On 10 June 2023 Miss S said she'd told Monzo she couldn't afford for it to debit the £82.99 – but it had done it anyway. She said this was seriously impacting her mental health. Monzo said it would refer the case to a specialist team for customers who need extra support.

Miss S asked for an update on 11, 12 and 13 June 2023 as she was worried she was being charged interest and overdraft charges. Monzo said her case had been referred and there was no update at this time. Miss S became very upset and distressed and asked Monzo to freeze interest on the overdraft until the matter was sorted out.

On 14 June 2023 Monzo's specialist customer support team contacted Miss S as it was concerned about her wellbeing. Monzo carried out several welfare checks on Miss S given her obvious distress at the situation. Miss S confirmed she was safe - but wanted a payment plan in place and for interest to be frozen.

On 16 June 2023 Monzo again contacted Miss S for information about her financial situation to arrange the payment plan. Miss S replied to say she wasn't feeling well enough to provide

this information and pointed out that she'd contacted Monzo within the 14-day deadline about a payment plan, but this had still not been put in place.

Monzo responded and suggested to Miss S that she add funds to her account to clear the overdraft as this could impact her credit score.

Miss S replied on 20 June 2023 saying she'd been trying to sort this out for over three weeks and wanted to speak to a manager. Monzo said it would freeze interest on the overdraft until 20 July 2023.

Monzo contacted Miss S again on 25 June 2023 and explored different communication options with her given the vulnerabilities she'd mentioned.

On 26 June 2023 Miss S said she wouldn't provide any information to Monzo until her complaint had been dealt with. She chased Monzo for an update on several occasions between 7 July and 31 August 2023. The interest freeze was extended until 19 August 2023.

Miss S referred her complaint to the Financial Ombudsman on 31 August 2023. Monzo issued its response to Miss S's complaint on 6 September 2023.

Monzo said it was right to have refunded the £82.99 to Miss S and collected it back once the money was returned from the merchant – as this was its normal process to ensure a customer isn't out of pocket whilst it investigates a disputed transaction. And it didn't think it had discriminated against Miss S. But Monzo upheld Miss S's complaint in terms of the service it had provided around the collection of the £82.99; the delays she'd experienced in having her complaint considered; and for its general poor customer service. Monzo paid Miss S a total of £205.83 for the distress and inconvenience caused, which included a refund of overdraft charges (83 pence).

Monzo also provided Miss S with an explanation of what went wrong, apologised, and said it would provide feedback to its staff to prevent repeated mistakes.

Our Investigator looked into things independently and didn't uphold the complaint. In short, she thought the £205.83 paid by Monzo was fair. Miss S didn't agree, so the complaint has been passed to me to decide.

Miss S didn't think we'd taken her concerns seriously or fully understood the impact Monzo's actions had on her. She was also concerned that we hadn't considered all the evidence.

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've reached the same outcome as our Investigator – and for largely the same reasons. I realise this will be very disappointing for Miss S and I'd like to assure her I haven't taken this decision lightly.

In doing so, I've very carefully considered all the evidence provided – which includes Monzo's business file which it provided after our Investigator sent her opinion to Miss S. And I'd like to assure Miss S that if I don't mention a particular point, it's not because I haven't considered it, but I've focussed instead on what I believe to be important to the outcome of this complaint.

I appreciate Miss S's strength of feeling – and I don't underestimate the impact that Monzo's accepted shortcomings had on her. She had the worry of her account being overdrawn and the cost and credit implications that had - and the situation was then made worse because of Monzo's poor handling of both the credit recollection and Miss S's complaint. Those failings by Monzo undoubtedly added to Miss S's distress and caused her a level of inconvenience and upset. So, my review has focused on whether Monzo has done enough to rectify this.

When considering what a business should do to put things right, it's not my role to punish it – instead I look at the direct impact its shortcomings have had on a customer. In Miss S's case, the initial distress and upset was caused by the fact she had to repay the £82.99 – which wasn't because of a mistake by Monzo. But I accept that Monzo's handling of the situation, after Miss S alerted it to the fact she couldn't afford the payment, significantly exacerbated this distress and upset.

Looking over the correspondence between Miss S and Monzo I agree that things were not handled well by Monzo and that this clearly contributed to Miss S's distress. Monzo recognised this and reacted to concerns it had about Miss S's wellbeing by providing appropriate support, which I'd expect it to do. Monzo also accepted things went wrong and has explained what caused some of the delay. It has refunded the overdraft charges (83 pence), apologised for its shortcomings, and paid Miss S £205 for the distress and inconvenience its poor service caused her.

In taking all of this into account, I consider the £205.83 Monzo has paid to Miss S to be a fair and reasonable level of compensation and in line with what I'd have awarded had Monzo not made an offer. And I think this payment, combined with Monzo's acceptance and apologies for his shortcomings, means it has taken reasonable steps to put things right.

So, I'm not going to tell Monzo to do anything further to resolve this complaint.

My final decision

For the reasons I've explained, I don't uphold Miss S's complaint in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision **before 5 January 2024**.

Anna Jackson
Ombudsman