

The complaint

Miss B complains that Monzo Bank Ltd won't fully refund the money she sent to a third party in error.

What happened

Miss B made three transactions to a third party whom I'll refer to as A. These transactions amount to £1,125 and were made on 1 July 2023 (£75); 13 July 2023 (£50) and 20 July 2023 (£1,000). Miss B told Monzo on 13 July 2023 she'd made a payment of £50 to A when she'd meant to send it to her own account. Monzo asked Miss B for some further information about what had happened with this payment before taking any further action.

On 20 July 2023, Miss B told Monzo she'd made a further incorrect payment that day to A of £1,000.00. Because of the way the payment was made, Monzo raised a Credit Payment Recovery (CPR) notification to the receiving bank, whom I'll refer to as S. It did this on 22 July 2023. On 18 August 2023 Monzo told Miss B it'd received £462.54 from S because that's all the person who received the money had in their account. Monzo offered to ask S for their customer's details so Miss B could try to get the money back herself. Miss B was unhappy that all the money hadn't been refunded and made a complaint.

Monzo sent Miss B a final answer to her complaint on 28 August 2023 saying it had met its regulatory requirements and had done all it should've done to recover Miss B's funds. Miss B was unhappy with this response and referred the complaint to this service.

One of our investigators looked into Miss B's concerns and felt that whilst Monzo shouldn't have to repay Miss B any more of the money, it had delayed sending the CPR request and failed to update Miss B within 20 days as required under the CPR procedure. They recommended Monzo pay Miss B £100 compensation.

Monzo responded to our investigator disagreeing and saying it had outstanding questions which needed to be answered and that's why the CPR process wasn't started sooner. It also said it was reliant on S responding before it could provide an update. It asked for the opinion to be reconsidered. Miss B also replied to say she didn't feel £100 adequately compensated her for her loss and asked for an ombudsman's decision. So, the case has been passed to me to decide.

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 read the chat transcript sent by Monzo, I can appreciate the distress this matter has caused Miss B. But in making my decision, I need to impartially and independently look at whether Monzo has acted fairly and reasonably towards Miss B. And, on balance, I think Monzo has treated Miss B fairly in not repaying the mis-sent money to her. But I do think its communication with Miss B could've been better. For that reason, I believe that Monzo should pay Miss B compensation. I'll explain why.

The relevant guidelines on the Credit Payment Recovery process say that when it's told about a mistake, the sending bank (i.e. Monzo in this case) must contact the receiving bank within two working days. If the mistake's clear, it should ask the receiving bank to prevent the money being spent. If the money's still available and the recipient doesn't dispute what happened, the sender (i.e. Miss B) should get the money back within 20 working days.

If it's not possible to get the money back – for example, if it's been spent, the sender should be told about the outcome within 20 working days from the point of their enquiry. The sending bank should also tell their customer about other options, such as pursuing the recipient.

I've looked at Miss B's complaint with this guidance in mind.

When Miss B contacted Monzo on 13 July 2023, she only told it about the incorrect payment made that day. She made no mention of the earlier transfer on 1 July 2023. And, after investigation, Monzo found that there'd been previous payments to the same bank details but where the payee had a different name. I can see from the chat history that Monzo were trying to understand what the previous payments had been for and what Miss B knew about the previous payee. I don't think that's unreasonable, the guidelines say that before Monzo can make a CPR, there has to be clear evidence of a genuine mistake. So, it's not treated Miss B unfairly in establishing the circumstances under which previous payments had been made. It was that investigation which caused the delay in starting the CPR and so it follows I don't think Monzo has acted unreasonably in delaying the claim.

When Miss B told Monzo about the larger payment of £1,000, it did send a CPR within two days and so met the timescales laid out. From that point on, Monzo were reliant on S to make their investigations and send the response. I can see Miss B was chasing an answer to this on an almost daily basis. And I can understand why she'd want to get the matter resolved quickly. But Monzo did nothing wrong in telling her that S had 20 working days to respond. When funds were received by Monzo, it paid them back into Miss B's account and told her it'd done so. I don't think I could ask them to have done anything differently. Monzo cannot guarantee that funds will be returned – it can only request the return and wait on the receiving bank – in this case S. Monzo returned all the money it'd been sent and so I think it had done all it could to help Miss B. It also offered to get the payee's details so Miss B could try to get the money back herself. Again, that's in line with the CPR process.

But, where I do think Monzo could've done things better, is in the way it was corresponding with Miss B. Miss B had told Monzo she struggled with reading the chat due to a medical condition. But Monzo continued to deal with this matter by chat and there appears to me to be a lot of repetition in the information Miss B was being asked for. I can understand that this increased Miss B's distress when she was already upset by the fact money had been sent to the wrong account. And, given the condition she suffers from, having to deal with multiple requests on the chat would've been difficult for her. I think more could've been done to ease Miss B's journey.

Putting things right

I believe Monzo could've dealt with Miss B better and so think a payment for distress and inconvenience is justified. I believe £100 is in line with our usual awards in this type of situation.

My final decision

My final decision is that I uphold Miss B's complaint in part and require Monzo Bank Ltd to pay £100 for the distress and inconvenience caused to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 14 June 2024.

Stephen Farmer
Ombudsman