

The complaint

Mr B complains Monzo Bank Ltd (“Monzo”) won’t refund payments he’d authorised but later disputed due to issues with the merchants, closed his account, and registered a default against him.

Mr B is also unhappy Monzo didn’t send him bank statements as he’d requested and that it failed to properly communicate its intention to add a default against him.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here. Instead, I’ll focus on giving my reasons for my 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 have decided not to uphold this complaint. I’ll explain why.

Refunds and chargebacks

Mr B raised chargebacks as part of a dispute he was having with two separate merchants. These were initially refunded to Mr B but later clawed back by Monzo.

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants under the relevant card scheme. The chargeback system is intended to resolve settlement disputes. It’s not uncommon for a bank to refund a payment in good faith where a chargeback has been raised, whilst they investigate it further by following the card scheme’s rules.

The retailers that Mr B raised the chargebacks against defended the claims he had made. Monzo has provided me with evidence of this, and why it decided not to refund, or more accurately claw-back the money it had previously refunded. Having closely considered this, I’m satisfied Monzo has acted in line with its obligations and done so fairly.

Overdraft and default

One of the clawed back refunds by Monzo led to Mr B’s account becoming overdrawn. I’m satisfied Monzo were entitled to do this given it had correctly followed the chargeback process. This is money therefore that Monzo fairly held Mr B liable for.

Monzo has sent me copies of the online chats, and email chains, it had with Mr B. I note Mr B was actively using this email address when Monzo were informing him that he needed to settle his overdraft debt and what the consequences could be if he didn’t pay or make a payment arrangement with it.

Monzo has also shown me evidence that it sent the default notice to Mr B’s email address.

I'm satisfied given the email threads I've seen that Mr B had access to and was actively using this email account. So I'm persuaded Monzo sent him the default notice in line with its obligations to do so.

As Mr B didn't settle this debt, nor made a payment arrangement with Monzo, I'm satisfied Monzo did nothing wrong in applying it. I note Mr B has more recently settled this debt and has been informed by Monzo that his credit file will show it's been settled. Monzo doesn't need to do anymore.

Account closure

Banks in the UK, like Monzo, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Monzo is entitled to close an account just as a customer may close an account with it. But before Monzo closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Monzo and Mr B had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Monzo gave Mr B two months' notice. I've looked at the information Monzo has provided to support its explanation for closing Mr B's account. And having done so, I'm satisfied it acted in line with its terms of account and applied them fairly.

It's likely Mr B would like a more detailed explanation, but Monzo is under no obligation to do so.

Customer service and support

Mr B is unhappy Monzo didn't provide him with the appropriate level of support given the acute vulnerabilities he disclosed to them. Monzo is obligated to take appropriate action where a consumer is vulnerable.

Monzo has given me copies of online chats and email chains it had with Mr B. I note that Monzo's *wellbeing* team made several attempts to initiate contact and dialogue with Mr B so that it could take adequate measures to support him. Mr B on a couple of occasions, through his responses, wasn't open to any help.

After carefully considering all the communication Monzo had with Mr B, as well as what I've said above, I'm persuaded Monzo took appropriate steps to support Mr B with his vulnerabilities. So I don't think it's done anything wrong.

Monzo accept it erroneously asked Mr B to send it a selfie for ID verification, and it didn't update his email address to a new one as requested. I also note Mr B continued to actively use his old email address, so I think any detriment from not updating this was minimal. Because of these two errors and the wait times Mr B endured from Monzo's specialist teams, it offered Mr B £50 compensation. Mr B has accepted this. I don't think Monzo needs to do anymore.

Lastly, Mr B complained Monzo didn't send him his bank statements as requested around the time his account was being closed. Monzo has sent me evidence from its internal

systems that show an email was sent to Mr B with his statements attached.

So after weighing everything up, I see no basis to award any further compensation than that which Monzo has already paid Mr B.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 August 2024.

Ketan Nagla
Ombudsman