

The complaint

Mr B complains that Monzo Bank Ltd treated him unfairly when it dealt with a Chargeback claim he made.

What happened

Mr B said he made a purchase online for £689.42 for a product but didn't receive the item. He asked for a refund within 30 days but this did not happen. Mr B said he raised this with Monzo and asked for the money to be returned. He said he provided proof to Monzo. He said Monzo approved the refund back into his account. After three months Mr B said Monzo decided to change its decision and took the money out of his account.

In its final response Monzo said the card scheme assessed Mr B's claim and ruled the dispute in favour of the merchant. It said Mr B had confirmed that he'd already received a refund along with the refund provided by Monzo. Monzo said this means it would take back the temporary refund it provided when the dispute was first raised. Mr B brought his complaint to this service.

Our investigator concluded that Monzo had not acted fairly due to errors it had made and having caused Mr B confusion. He said it was clear Mr B hadn't received a refund and as Monzo was unable to reopen the dispute it should refund Mr B the Chargeback amount.

Monzo disagreed with our investigator's conclusions and asked for a decision from an ombudsman. It said it believed the communication with Mr B was very clear and Mr B's response was that the money had been refunded to him and the dispute could be closed.

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 agree with the conclusions reached by the investigator for the reasons I've outlined below.

- Monzo initiated a Chargeback process to obtain a refund for Mr B. Chargeback is a transaction reversal made to dispute card transaction and obtain a refund if there is a problem with the product. It works by the credit card company withdrawing funds which were previously paid to the merchant and putting them back in the consumer's account. A merchant can dispute Chargeback if it can prove the Chargeback is invalid. It's important to say that Chargeback is not a legal right, there is no automatic right to it, nor is it a guaranteed method of getting a refund. The card scheme operator checks the nature of the problem against the possible Chargeback reasons to see whether the claim will be successful. If the credit card company feels the claim won't be successful it doesn't have to raise a Chargeback.
- Monzo has accepted it made several errors with Mr B's dispute. But it says it was very clear when it asked Mr B if he had received the goods and was told by Mr B he

had been refunded.

- Mr B reported the dispute on 2 March 2023. Monzo mistakenly rejected the dispute as “outside of timeframe” but this wasn't the case so it accepted it was wrong to reject the dispute at this stage.
- Monzo made further errors in its communication to Mr B concerning the refund timeframe and communication with the merchant.
- Monzo submitted the dispute on 17 March 2023 but made a further error where it set a task to collect the temporary credit from Mr B's account due to the dispute being marked as open quote outside of timeframe". It said this was corrected on 24 March 2023. I can see from Mr B's bank statement that his account was credited with £689.42 although I can see that the payment appears to be from the merchant directly. On 24 March I can see from the bank statement the same payment is withdrawn and then repaid. Again the transactions appear to be from the merchant directly.
- In an online chat conversation between Monzo and Mr B, Mr B said he had been refunded the money. Monzo said it very clearly ask Mr B whether the refund he'd received was refund from Monzo he was referring to. Monzo said it asked the customer again whether the merchant had refunded him or if he was referring to Monzo's temporary refund. And Monzo said Mr B told it everything was resolved. It said based on what Mr B had said it accepted the merchant's argument and reclaimed the temporary credit. It said Mr B was given the correct information and still went on to tell it that the matter was resolved and that it would be able to close the dispute.
- In its response to our investigator Monzo reiterated that the communication with Mr B on 15 June and 16 June through the online chat was clear. This is a section from the chat conversation:

Monzo

“You mentioned that you did not receive the goods but this was refunded and can be closed; Can you confirm if the merchant refunded you to your Monzo account or another account? Please remember we provided a temporary credit for this while we investigated.

Please let us know if this credit we provided is what you're referring to and you do not wish for this to be closed or if you have been refunded by different means?

The deadline to investigate this further is 20/06/23, if we receive no response before this date we will have to accept the challenge from the merchant and will not be able to pursue a refund any further.

Please note we provided a temporary refund for this payment while we were investigating this for you. If we aren't able to progress the case we will need to take this refund back, we'll give you up to 14 days' notice before doing this.”

Mr B

“It was refunded”

- Monzo said it gave an extra message to make it indisputably clear that this refund was from Monzo and that it will take it back if it didn't take the case forward. It said it even asked him for information about the merchant refund. Monzo said this is explicit confirmation from Mr B that he wanted it to close a dispute and take back its refund

so it went ahead and took that action.

Monzo

"To be clear when the dispute was raised we refunded this payment this was on the 17th March, it was taken back temporarily, and reinstated on the 24th March. Is this the refund you are referring to? If you are referring to this refund, this is something we provided, and would need to take back if we do not take the dispute forwards. If it is not, please can you tell us about the refund you are referring to?"

Mr B

"Everything has been sorted we can close"

- I'm not disputing the accuracy of the online chat above but I don't agree that Monzo has been "indisputably clear". Having looked at the progress of the Chargeback Monzo made several errors along the way and Mr B was given wrong information. I think a reasonable person would be justifiably confused by the process and timeline.
- I can see that Monzo has said to Mr B that the payments in and out of the account on 17 and 24 March were from Monzo itself but this is not clear from the bank statements. All these payments and withdrawals appear to be from the merchant itself, including the merchant's name and overseas address. There is no indication on the statements that these payments are from Monzo itself. So I'm not persuaded it's clear these payments and withdrawals were from Monzo.
- In the online chat conversation concerning the complaint Mr B himself notes the following:

"You guys put the money into my account with the merchants name on it not as a the (sic) bank refund that's why i said it was refunded."

- My role is to decide based on what I believe is fair and reasonable in the circumstances. I'm persuaded that Monzo's errors during the Chargeback process and lack of clarity on the bank statements caused confusion for Mr B. I find Mr B's testimony credible that when asked if he'd been refunded he genuinely believed he had actually been refunded by the merchant. So I'm satisfied Monzo hasn't acted fairly when it dealt with Mr B's Chargeback claim.

Putting things right

Mr B hasn't received the refund and it's not possible for Monzo to reopen the dispute. So I think it fair and reasonable that Monzo refund Mr B the Chargeback value of £689.42.

My final decision

My final decision is that I uphold this complaint and Monzo Bank Ltd must put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 May 2024.

Maxine Sutton
Ombudsman