

The complaint

Mr S complains that Monzo Bank Ltd (“Monzo”) failed to repeatedly cancel card payments.

What happened

Mr S used a third-party finance provider to pay a bill related to the service of his car. I’ll refer to the finance provider as P and the car service merchant as N.

Mr S’s arrangement with P meant that they settled his bill and he agreed to repay them using his Monzo account after by setting up regular payments through his debit card. After the work was carried out, P settled the bill and started to take payments from Mr S’s Monzo account.

Mr S then questioned the quality of the work carried out by N and raised this with both them and P. Mr S had some difficulty sorting out the situation and asked Monzo to intervene. He asked them to cancel the payments due to his disagreement with P and recover a payment taken from his account that P had said they were going to delay.

Monzo raised a chargeback (a process within the Mastercard system designed to deal with disputes) and eventually the disputed payment was refunded. At various stages Mr S asked Monzo to cancel future payments and Monzo advised him that this had been done. They also said that depending on how P requested the payments, they may be paid from his account (even though they’d been blocked by Monzo).

The pattern of payments taken from Mr S’s account continued, with Monzo “blocking” the payment and at one stage telling Mr S that a new card would stop the payments being taken from his account. Mr S repeatedly told Monzo that he was in a vulnerable position with his finances, which is why the payments taken from his account were causing him difficulties.

Tale of account activity

Date	Activity	Amount
13/6/23	Funds requested by P – undisputed	-£26.35
2/7/23	Funds Request by P - declined	-£22.82
6/7/23	Funds request by P – paid and refunded same day	-£22.82 £22.82
31/7/23	Funds request by P – declined	-£26.24
1/8/23	Funds request by P – declined	-£26.24 & -£22.82
2/8/23	Funds request by P – declined	-£22.82

3/8/23	Funds request by P – successful	-£26.24
4/8/23	Funds request by P – successful	-£22.82
17/8/23	Funds request by P – successful	-£26.24
6/9/23	Funds request by P – successful	-£22.82
16/9/23	Funds request by P – successful	-£26.24
5/10/23	Funds request by P – successful	-£22.82
1/10/23	Funds request by P – successful	-£26.24

At various points throughout this period, Monzo asked for additional information from Mr S, some of which Mr S believed he'd already supplied.

Eventually, Mr S complained about the service he'd received and told Monzo that they'd repeatedly failed to deal with his situation, told him the payments had been blocked and failed to recover his funds. He was also unhappy with the manner in which Monzo had dealt with him, particularly the use of emojis. Mr S thought that Monzo's use of them showed they hadn't taken his situation seriously.

Monzo accepted that they could have dealt with his complaint sooner and offered £25 to recognise this. They also apologised about the use of emojis and agreed that "*...they seemed out of place in this conversation*".

Monzo didn't accept that they'd done anything wrong in respect of their handling of the chargebacks. Monzo told Mr S they had needed further information to proceed with them and because they hadn't received this, they couldn't take them further. In Monzo's final response to Mr S's complaint, they advised what other information was required to proceed.

Monzo also defended the way the payments had been "blocked", explaining that if P had already started to take payment, they couldn't be prevented. Also, if different merchant details were used, it might avoid the block put in place. They did tell Mr S that the only way for them to be stopped was to replace his card.

Mr S was left unhappy with Monzo's handling of his complaint and brought it to the Financial Ombudsman Service for an independent review. Mr S's complaint was assigned to an investigator, who asked both parties for information about the situation.

Mr S provided a detailed breakdown of his issue and a timeline of what had happened. Monzo didn't initially provide any evidence. Based on the lack of information, the investigator wrote a recommendation based on Mr S's evidence only and upheld the complaint.

Later, Monzo were able to provide their evidence and the complaint was re-assessed. After reviewing the evidence provided by Monzo, the investigator didn't uphold Mr S's complaint.

It was commented by the investigator that:

- Mr S was told that the payments may still be taken by P.
- There's evidence to show that Mr S had a dispute with both P & N.

- The first payment was refunded because it was taken early despite what P had said.
- P hadn't agreed to stop taking the payments.
- Monzo can't be held liable for these payments.
- The work was carried out by the merchant (N) and Mr S had an arrangement with P. So, it was unlikely that a chargeback would be successful.

Mr S disagreed and continued to argue that Monzo were responsible for his situation and that they allowed payments to be taken from his account despite asking for them to be blocked on repeated occasions. Mr S asked for a further review of his complaint which has now been passed to me for a decision.

I issued my provisional findings on the merits of Mr S's complaint on 28 March 2024. In my provisional findings, I explained why I intended to uphold Mr S's complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

What I've provisionally 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.

The interactions between the parties are comprehensive and detailed. I've summarised the complaint, restricting it to the main issues I think are relevant.

Having looked at these circumstances, I wanted to set out the situation as I see it.

- *Mr S had work done on his car and the bill settled by P.*
- *Mr S agreed to repay the bill over several instalments in agreement with P through multiple payments from his account using his debit card.*
- *Mr S had issue with the quality of the work carried out and he raised this with P and N.*
- *Mr S asked Monzo for the payments to be blocked on repeated occasions, starting 6 July 2023.*

For the purposes of this complaint, the arrangement between Mr S and P meant that future payments taken by them were authorised using a "continuous payment authority" (CPA). This allowed P to recover their costs over time by requesting the repayment using Mr S's debit card details linked to his Monzo account.

Whilst there's an underlying agreement between Mr S and P to repay the debt, Mr S can remove his authority for the CPA, as long as he gives Monzo sufficient time to cancel it. At the point that Mr S advised Monzo about his situation (6 July 2023), he was, in effect withdrawing his authorisation for any future payments.

Initially, Monzo chose to deal with the first disputed payment as a chargeback (which was successful), mainly because the timing of the payment was wrong when P took it earlier than they agreed to. After that, there were a number of attempts made to collect payment, but for various reasons they were unsuccessful. There was a gap from the first (refunded) payment and the next attempt by P of about three weeks. I think there was enough time within that

three-week period for Monzo to have acted on Mr S's request to remove the authorisation for future payments.

Monzo chose to stop the payments by blocking the card which prevented some of the payments from being taken earlier, but ultimately was unsuccessful in preventing P from using the CPA to continue to take payments from Mr S's account.

When looking at the overall circumstances here, it's apparent to me that Mr S was asking Monzo to prevent the payments from being applied to his account by P. Monzo's approach wasn't totally successful and given that Mr S had effectively removed his authorisation for the use of the CPA, I'd have expected Monzo to treat those attempts to take further payments as being unauthorised.

If a payment is unauthorised, Monzo had no valid instruction from Mr S to pay it and a refund is due.

Given that I currently think that Monzo should have prevented the CPA used by P from taking payments from Mr S's account, I'm inclined to ask them to refund those payments taken after 6 July 2023. I understand that Monzo have said that some of the payments were the result of earlier authorisations, so I'm happy to review any evidence that Monzo may wish to provide that they couldn't have stopped some of the payment(s) because they'd already been authorised prior to the notice given by Mr S. I also intend to add simple interest at 8% per annum to the refund because Mr S lost the ability to use those funds.

It's worth noting that even if Monzo had stopped those payments, the underlying debt would still have been owed by Mr S, but that wasn't something that Monzo were directly responsible for.

Given the personal difficulties being experienced by Mr S at the time, I think Monzo's approach here caused some unnecessary additional stress to Mr S. I accept that Monzo were trying to help, but Monzo's actions led Mr S to think that their intervention would stop those payments, when it wasn't likely to have been successful. Mr S's account was taken into an overdraft on several occasions that P took the payments, necessitating Mr S to transfer other funds into the account.

I've considered the impact this situation has had on Mr S, I currently don't think the payment of £25 sufficiently represents the stress and inconvenience this had on him, particularly when he'd repeatedly told Monzo of his personal difficulties and the need for immediate funds related to a new baby. The issue went on for several months and I currently intend to ask Monzo to raise the redress by £175 to make the overall payment £200.

Regarding the style of communications used by Monzo and they're choice of emojis – Monzo themselves accepted that they didn't fit the tone of the situation. I agree with them about this and think their apology was a fair and reasonable way for them to deal with this matter.

My provisional decision

My provisional decision is that I'm currently intending to uphold this complaint and intend to ask Monzo Bank Ltd to refund those payments made after 6 July (dependent on any further considerations provided by Monzo), add interest at 8% per annum and make a further payment of £175 to Mr S.

I invited Mr S and Monzo to give me any more evidence and information they wanted me to consider before issuing my final decision. Mr S accepted my recommendations and Monzo didn't have anything further to add.

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, and as neither party had anything further to add, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

Putting things right

Monzo should now:

- Refund those payments made after 6 July 2023.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transactions to the date of settlement (less any tax lawfully deductible)*.
- Pay £175 for their handling of the complaint and the impact this had on Mr S.

My final decision

For the reasons I've explained, Monzo Bank Ltd should now settle the complaint as set out above.

* If Monzo considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 May 2024.

David Perry
Ombudsman