

The complaint

Mr M complains Monzo Bank Ltd has failed to help him obtain a refund in relation to a business class flight he paid for on his debit card.

What happened

Mr M used his Monzo debit card on 9 October 2023 to pay £1,445.33 for a one way business class flight between Bangkok and Dubai, scheduled to fly on 13 October 2023.

Mr M says he had a very poor experience on the flight. He had booked seat 10A, which was a window seat, but he says the seat was broken and a piece of metal under the seat base was pointing upwards into his leg and causing him discomfort. In addition to this, Mr M says the in flight entertainment system was defective. He says he complained to the cabin crew, who first tried to arrange for him to be put in other available window seats, but these were also defective. Mr M says he was then offered an aisle seat, but he did not want to accept this as he considered he was more likely to be disturbed while he was resting if he sat in this seat. Mr M says he continued to voice his concerns to the cabin crew and was advised that he could get off the plane if he remained unhappy. Mr M says he stayed in seat 10A for the duration of the flight, albeit in discomfort.

Mr M says he complained to the airline but was refused compensation. He contacted Monzo to ask the bank to reclaim the money he had paid for the flight under the chargeback process. It appears he first contacted the bank about this on 13 October 2023 and then resubmitted his request on 15 October 2023.

Ultimately, Monzo declined to attempt a chargeback. It said this was because it “didn’t have chargeback rights” in this situation. Mr M complained about the stance Monzo had taken, and about the customer service he’d received from the bank in relation to the whole matter.

Monzo stood by its position regarding the chargeback, maintaining that it had been correct not to attempt one. It accepted that Mr M had received poor service on some occasions, through its online chat facility and because of delays caused by an internal admin error. It paid Mr M £75 compensation in respect of this.

Mr M had, while waiting for Monzo to respond to his concerns, contacted the Financial Ombudsman Service for an independent assessment of his complaint. One of our investigators began looking into the matter at about the time Monzo responded to Mr M. She reached the following conclusions:

- Having considered the relevant card scheme rules, she thought a chargeback could potentially have been attempted by Monzo on the grounds the services Mr M had received were not as described or defective, or that services paid for had not been provided. However, she didn’t think such a chargeback would have been successful.
- A chargeback wouldn’t have been successful because the service Mr M had paid for was the flight – which he had been provided with, and although there had been a problem with the seat, he had been offered an alternative and the card scheme

would have considered this an appropriate remedy.

Our investigator therefore didn't think Mr M's complaint should be upheld. Mr M disagreed and asked to appeal our investigator's assessment. Mr M emphasised the following points in his response to the investigator:

- He had booked a window seat and this had been guaranteed by the airline at the time of booking.
- The alternative he had been offered was not a window seat and was close to the galley and the toilets. He would have been disturbed by cabin crew talking in the galley and leaning over him to serve the window seat passenger, and by passengers queueing for the toilets.

The case has now 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.

Before continuing, I think it's important to note that, following Monzo's final response to Mr M's complaint, Mr M did not indicate to our investigator that he was dissatisfied with how the bank had resolved his concerns about the customer service he received (by paying him £75 compensation). He said only that he was not happy "as they won't process the dispute". Our investigator decided that this was no longer a disputed complaint point and did not focus on it in her assessment. Mr M has not questioned this, so I've proceeded on the basis that the matter of customer service is settled, and Mr M's concern is that the bank continued to refuse to attempt a chargeback.

When a person pays for goods or services using a debit card, as Mr M did here, then their card issuer may be able to help them claim a refund of the amount they paid on their card, if certain things go wrong with what they've purchased. This is because there is a process for disputing such transactions, which is managed and mediated by the card scheme whose logo appears on the card (Mastercard in this case). The process is normally referred to as a "chargeback" or "dispute", and the card schemes set various rules covering things such as what sort of scenarios are eligible for a chargeback, the kind of evidence required, and how long a person has to submit one. Mastercard has emphasised that its chargeback process is not a legal adjudication of consumer or merchant rights under law, a substitute for legal proceedings, or governed by the local law of the relevant countries involved.¹

Chargebacks are not guaranteed to be successful, and a consumer is not able to demand that their card issuer attempt one. However, as a matter of good practice, I'd expect a card issuer presented with a customer looking to dispute a debit card transaction, to attempt a chargeback where to do so would be compliant with the card scheme rules and have a reasonable chance of succeeding. A chargeback can be opposed by the party which originally received the payment, if they disagree that a refund should be given or they think the chargeback is invalid for some other reason. If no agreement can be reached, then ultimately the card scheme itself can be asked to rule on the dispute in a process known as arbitration.

I've considered Mr M's particular scenario carefully alongside rules and guidance issued by Mastercard, and I think it's unlikely that a chargeback would have been successful, had

¹ *Dispute Resolution Management During COVID-19 (Public Version)*, Mastercard, 1 May 2020.

Monzo attempted one. I say this for similar reasons to our investigator, but will explain further.

The service Mr M purchased from the airline was a business class flight from Bangkok to Dubai. In line with the airline's seat selection policies, Mr M was able to choose a specific seat – 10A – at no extra charge. Mr M flew from Bangkok to Dubai in seat 10A so this is ultimately what he received, albeit he was unhappy with the comfort offered by the seat and the apparent defective state of the in flight entertainment system. There would be no grounds for Monzo to attempt a chargeback on the grounds Mr M didn't receive the service he'd paid for.

Where a service has been supplied as agreed but is defective in some way, then the card schemes expect the cardholder to try to resolve things with the merchant, and will generally consider a reasonable offer to remedy the situation by the merchant as being sufficient to defend against a chargeback. Mastercard's rules say that one of the conditions which needs to be met for a chargeback to be successful is:

"The merchant refused to adjust the price, repair, or replace the goods or other things of value, or issue a credit".

In Mr M's case, I think the airline made an offer the card scheme would likely have considered reasonable. It appears to have offered other window seats in business class to Mr M first. He says these were out of order, although I've not seen evidence of this. Mr M was also offered an aisle seat in business class that was apparently in a satisfactory condition, but he was unhappy with the location.

While of course I'm unable to say for *certain* exactly how Mastercard would have decided a chargeback, had Monzo attempted one and robustly pursued it all the way to arbitration, I think it's likely based on the available information about Mastercard's rules, that it would not have agreed the chargeback was valid. It follows that I don't think Monzo treated Mr M unfairly or unreasonably in refusing to raise one.

This doesn't mean that Mr M had no right to be unhappy with the airline about what had happened, it just means that Monzo's response to his request for a chargeback was not unreasonable.

My final decision

For the reasons explained above, I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 August 2024.

Will Culley
Ombudsman