

The complaint

Mr R is unhappy with several aspects of the service provided to him by Monzo Bank Ltd, including that Monzo charged him a £50 fee to cover the cost of a metal debit card, even though he cancelled his account on the same day that it was opened.

What happened

Mr R had a Monzo account which he upgraded to a Premium Account because he thought that the features of the Premium Account would be of use to him. However, when Mr R reviewed the features of the Premium Account following the upgrade, he felt that they weren't of any use to him. As such, Mr R cancelled the Monzo Premium Account on the same day that it came into effect.

When Mr R upgraded his Monzo account to a Premium Account, Monzo ordered a metal debit card – an option that Monzo provides to Premium Account holders. And while Monzo accepted Mr R's account cancellation request, they charged him £50 for the metal debit card, to cover the costs they incurred in having it produced.

Mr R wasn't happy that Monzo were charging him £50 for the metal debit card, especially as the card had significant cosmetic damage when it arrived. And Mr R also wasn't happy that Monzo had reported two 'hard' credit searches to his credit file or with some aspects of the customer service he'd received from Monzo. So, he raised a complaint.

Monzo responded to Mr R and said that they didn't feel they'd done anything wrong by charging Mr R £50 for the metal debit card, or by reporting the credit searches to his credit file. But Monzo did acknowledge that they should have provided a better standard of customer service to Mr R, and they apologised to Mr R for this and offered to pay him £50 compensation for any trouble or upset he may have incurred. Mr R wasn't satisfied with Monzo's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. During their review, Monzo reassessed their position on this complaint and increased their offer of compensation for the customer service issues Mr R had experienced from £50 to £100. Our investigator felt that this amended offer by Monzo represented a fair resolution to the complaint. But Mr R disagreed, and so the matter was escalated to an ombudsman for a final 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.

Mr R has said that he feels that he has a right under the Consumer Rights Act 2015 to reject the metal debit card from Monzo which he considers to be a damaged good (because the metal debit card was cosmetically damaged when he received it).

However, it must be noted that this service isn't a Court of Law or a regulatory body, and so it isn't within my remit here to decide whether Mr R has a legitimate claim under the

Consumer Rights Act 2015 or not. If Mr R would like to obtain such a decision, he would need to obtain one via a Court of Law.

My remit is to decide whether I feel Monzo have or haven't acted fairly by applying the £50 charge to Mr R. And, upon consideration, I feel that it was fair for Monzo to have done so.

One reason I take this position is because stipulated in the terms and conditions of the Monzo Premium Account that such a charge would apply. This is as follows:

"If you change your mind, you can cancel Monzo Premium within 14 days of signing up. If you'd like to cancel, you can do so in the app. We'll give you a full refund but we'll charge you a £50 fee if you've ordered a metal card. That's how much it costs us to get your Monzo Premium card made."

Mr R accepted and agreed to these terms when he upgraded to the Premium Account, and so I feel that the term quoted above should fairly apply.

Mr R might argue that having upgraded his account to a Premium Account he found that he wasn't satisfied with the premium features that were now available to him. But there was nothing preventing Mr R from assessing the Premium Account, having upgraded to it, and then ordering a metal debit card at a later time, once he was satisfied that he wanted to keep the Premium Account.

Mr R also feels that because the metal debit card was damaged when he received it that he shouldn't be charged for card. But as an impartial party, while I accept that the debit card is now damaged, I have nothing to prove or confirm when the card was damaged.

Upon consideration, I feel that it's unlikely that Monzo would send out a damaged metal debit card, and I feel that it's most likely that the card was damaged at some point after Monzo dispatched it. But if the debit card was damaged at some point after it was dispatched, then this isn't something I'd consider holding Monzo accountable for.

Mr R has also asked whether it's really the case that it costs Monzo £50 to produce the card as they claimed. And Mr R has suggested in his correspondence that the card is simply a piece of metal. But I feel that Mr R oversimplifies that metal debit card in his description of it. And Monzo have confirmed that it does cost them £50 to produce the card and that the charge to Mr R is solely to cover the cost of the card's production.

It was unfortunate that Mr R ordered the metal debit card before confirming with himself that he wanted to keep the Monzo Premium Account. But because he did so, and because the terms of the Monzo Premium Account clearly state that a £50 charge for the card will be applied in the circumstances under consideration here, I feel it's fair and reasonable that Monzo should apply that charge to Mr R.

Mr R is also unhappy that Monzo recorded two 'hard' credit searches when they upgraded Mr R's account. And Mr R has said that these credit searches relate to applications that Monzo made without his knowledge or consent.

But as our investigator explained in their view, Monzo have confirmed that when Mr R requested the account upgrade, he applied for an overdraft facility and a Monzo Flex account, both of which require credit searches to be undertaken as part of the application process.

Notably, Mr R hasn't challenged this aspect of our investigators view. And the fact that Monzo would undertake credit searches when processing the two separate applications

doesn't seem unreasonable to me and is stipulated in Monzo's terms and conditions, which Mr R accepted and agreed to when making the applications.

Accordingly, in consideration of all the above, I won't be upholding Mr R's complaint about either the metal debit card fee or the credit searches that Monzo conducted and reported to his credit file.

Regarding the remaining aspects of Mr R's complaint – specifically that Mr R was asked to verify himself when there was no need for him to do so and the delays in updating him about his current account switch – Monzo have offered to pay £100 to Mr R as compensation for any trouble or upset he incurred surrounding these points.

Matters of compensation can be subjective. But upon review, I feel that the £100 that Monzo have offered to Mr R as compensation for these aspects of his complaint does provide a fair outcome to what happened surrounding those points. As such, while I will be upholding this complaint in Mr R's favour, I'll only be doing so to instruct Monzo to pay the £100 to Mr R that they've already agreed to pay.

In taking this position, I've considered the inconvenience and distress that Mr R would have incurred resultant from Monzo not providing him a better standard of service surrounding the two customer service matters. And I've also considered the general framework this service uses when assessing compensation amounts, details of which can be found on this service's website. And having done so, I feel that £100 is a fair compensation amount.

I realise this won't be the outcome Mr R had wanted here. But I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Monzo must pay £100 to Mr R.

My final decision

My final decision is that I uphold this complaint against Monzo Bank Ltd on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 October 2024.

Paul Cooper
Ombudsman