

The complaint

Mr L complains that Monzo Bank Ltd didn't provide the service it should have in regard to a payment he made and then cancelled.

What happened

Mr L made a payment for a hotel booking. The money left his account and so it looked like the payment had been made but the hotel kept applying for the payment (over 40 times). He called the hotel and was told his payment had been declined. Mr L called the booking agent to see if it could assist as he wouldn't get the money returned to his account for eight days which was too long for the hotel to be rebooked and he didn't have sufficient funds to make another booking. As the hotel wanted payment up front he had to cancel his stay and book a hotel where payment could be made when he arrived at the hotel which was more expensive.

Monzo issued a final response dated 24 July 2024. It explained that when a payment was made by card the money was set aside from Mr L's account for the merchant to collect (usually a day or two later). It said that if the merchant doesn't collect the money it remains on hold for eight days (or 30 days for certain transactions). It said that Monzo's payment systems had worked correctly in respect to Mr L's payment, and it didn't uphold the complaint.

Mr L referred his complaint to this service.

Our investigator found that Monzo had ringfenced the payment in the correct way and it was then for the hotel to request the funds. However, the hotel didn't request the money correctly and the payment was declined. Our investigator said that when Mr L contacted Monzo it had tried to help by providing a message for Mr L to give to the hotel about how to collect the money. Based on the information received, our investigator didn't find that Monzo had done anything wrong regarding the payment. She then considered if there were any issues with the return of Mr L's money after the hotel hadn't collected it. She found that the money was returned on the date Mr L was told and that Mr L was told how to request for this to happen sooner. For these reasons she didn't uphold this complaint.

Mr L didn't agree with our investigator's view. He said that eight days for his money to be returned wasn't acceptable. He said that the hotel had explained the payment was declined at their end so even if a code was sent by Monzo the hotel couldn't apply for the money. He accepted that he was told by Monzo about how to request the payment back but said he was told this would take two weeks to arrange which was longer than the original timeframe for the money to be returned.

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.

I can appreciate why Mr L was upset by the issues he experienced when trying to make a

payment for a hotel booking. But for me to uphold this complaint I would need to be satisfied that Monzo had done something wrong or treated Mr L unfairly.

Mr L made a payment by card on 9 July 2024. This was authorised by Monzo, and I can see from Mr L's statement that the amount is shown as leaving his account on that day. While it looked to Mr L as though the payment had left his account, Monzo has explained that a card payment has two parts – an authorisation and a presentment. When the card payment was made an authorisation was created and the money was ringfenced. Based on Mr L's statement and the other information provided, I can't see that there were any issues with this part of the process.

Monzo said that following the authorisation the hotel should have collected the money. It is with this part of the process that the issue arose. I can see from the evidence provided that the hotel unsuccessfully attempted to take the payment more several times, but the payment was declined. The reason given for the decline was insufficient funds. Following the hotel payment being ringfenced Mr L's account was around £50 in credit. This wasn't enough to cover the cost of the hotel booking, hence the payment being declined for insufficient funds. However, what should have happened is that the hotel collected the money that had been ring fenced in Mr L's account and was available for this payment. It isn't clear what went wrong when the hotel tried to collect the money set aside for the payment, but I do not have evidence to suggest that Monzo did anything wrong at this time.

Mr L contacted Monzo several times on 9 July 2024 after his payment had been declined. He was told that the payment was pending and hadn't been claimed by the hotel. Mr L was also provided with the information about the payment and the authorisation code which he could provide to the hotel. While I understand why Mr L wasn't happy with the issue with the payment, I do not find I have evidence to show that Monzo did anything wrong in this process.

Mr L is also upset about the time taken for his money to be returned. On the call on 9 July 2024, he was told that if the money hadn't been collected by 17 July 2024, it would be returned to his account. Mr L wasn't happy with this as he would be without the money for eight days. Mr L was then told he could raise a dispute and that this could take one to two weeks, but it could be quicker. Given the timing, I can understand why he felt this wasn't worthwhile, but he was provided with the option to do so and had he raised a dispute the money may have been returned sooner. Mr L's money was returned on 17 July 2024 as he had been told. So, while I understand why Mr L wasn't happy with the timeframe for his money to be returned, Mr L was provided with accurate information about this and his option for raising a dispute. Given this I do not find I can say that Monzo did anything wrong or treated Mr L unfairly.

I know my decision will be disappointing for Mr L, but in this case, I do not find I can uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 November 2024.

Jane Archer
Ombudsman