

## **The complaint**

Mr K complains Monzo Bank Ltd (“Monzo”) didn’t do enough to help get a refund for a purchase made on his debit card.

## **What happened**

In August 2023, Mr K bought an item from a supplier I’ll call A. The item cost £599 and Mr K paid using his Monzo debit card. Mr K decided he didn’t want to keep the item and says he returned it to the supplier in line with the returns policy. Mr K says A said it would give a refund, however this never happened, so he contacted Monzo for help.

Mr K first spoke to Monzo on 3 November 2023, and explained he’d spoken to A numerous times and had always been told to wait a couple of weeks, however after three months, a refund still hadn’t been issued. Monzo sent Mr K an in-app message detailing what information he’d need to provide, for it to help further.

Mr K submitted information on 4 December, however Monzo said this wasn’t sufficient. Mr K submitted further information on 28 December, however Monzo said this still wasn’t sufficient. Mr K submitted the same information on 3 January, which again Monzo said wasn’t sufficient, so didn’t progress his dispute.

Unhappy with Monzo’s responses, Mr K complained in July 2024. Monzo didn’t agree it had done anything wrong, but said it had then raised the dispute for Mr K. The amount however remained outstanding, so Mr K referred his complaint to our service.

One of our Investigators looked into what happened and thought Monzo could have done more to help Mr K. She noted that although Monzo had now raised a chargeback (a means of challenging a transaction with A via the card scheme – Mastercard), due to the amount of time that had passed it would likely be unsuccessful. Our investigator thought Monzo could have raised the chargeback based on the information Mr K submitted on 28 December 2023 and it would have been successful. So, she said Monzo should compensate Mr K the value of the item and pay interest for the period he’d been without the funds.

Monzo didn’t accept our Investigators findings. It questioned why Mr K had waited so long to raise his dispute and said the evidence wasn’t sufficient. As the matter couldn’t be resolved, it’s 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.

I’m looking here at the actions of Monzo and whether it acted fairly and reasonably in the way it handled Mr K’s request for help in getting his money back. This will take into account the circumstances of the dispute and how the supplier acted, but there are also other considerations, such as the card scheme rules, which Monzo must follow and its own obligations.

Mr K paid A for the item using his debit card. This meant the only realistic option available to Monzo to get his money back was to engage with a process known as chargeback.

The chargeback process provides a way for a bank to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the supplier and effectively asks for the payment to be returned. There are grounds or dispute conditions set by the relevant card scheme (Mastercard) and if these are not met, a chargeback is unlikely to succeed. The process provides an opportunity for a supplier to provide a defence to the chargeback and provide its own evidence in support. If the supplier continues to defend the chargeback the bank can either accept that defence if it believes it is valid, or, it can ask the card scheme to decide about who gets to keep the money – usually referred to as arbitration.

Monzo's response to Mr K's complaint is unclear on whether it raised the dispute with A. However, from the information provided, Mr K hasn't received a refund for the transaction that's been disputed.

Monzo has questioned why Mr K didn't raise his dispute with A sooner, but I haven't found that to be the case. In the call of 3 November, Mr K explained he chased A for a refund, numerous times, however had been told to wait two weeks for it to be issued, having done that several times, without success meant months had passed and he was then contacting Monzo as his bank for support. Regardless, Mr K contacted Monzo for help within the chargeback time limits.

I acknowledge the evidence Mr K submitted on 4 December may have been insufficient. But in considering what Mr K provided on 28 December, I do think it would have been reasonable for Monzo to raise a chargeback based on what Mr K had provided. He submitted the following:

- a screen shot from A confirming a return had been agreed – so I think it's reasonable to take from this that the item had been purchased, and the screen shot showed a photo of the item.
- a receipt, showing Mr K had posted an item on 1 September, the day he says he returned the item in question. The receipt confirms he'd insured the return for the same value as the item and that it's of a significant weight.
- an email from A, outlining the item had been returned, but a refund hadn't been issued, suggesting Mr K therefore speak to his bank for help.

Mastercard, the relevant card scheme outlines the following criteria for a chargeback to be raised for credit not received, which is the applicable rule here:

*The merchant agreed to provide a refund and failed to process that refund.*

The rules further go on to say:

*The issuer can immediately charge back the transaction upon receiving one of the following forms of credit documentation:*

- *A letter from the merchant advising the issuer to obtain credit using a chargeback*

In the evidence Mr K provided, the email from Amazon suggested he contact his bank for help in getting a refund by raising a “charge dispute”.

So, I think it would have been reasonable for Monzo to raise the chargeback based on everything it had by 28 December. Had the chargeback been raised, it would have been within the scheme time limits to raise a chargeback.

While I can't say what the outcome of the chargeback may have been, I haven't seen anything to suggest it wouldn't have been successful – on balance I'm satisfied Mr K returned the item in line with the returns policy of A and that it was returned. Having done so, Mr K didn't receive a refund. So, I do think Mr K has lost out because of Monzo's actions in not submitting the chargeback.

As a result, I think a fair outcome is that Monzo compensates Mr K the value of the item having returned it. Monzo should also compensate Mr K for the time that he's been deprived of that refund – our service sets out that this should be 8% simple interest from the date he should have received the refund to the date of the compensation being paid. I consider it fair that Monzo pays this from 28 December, the day Monzo should have raised the chargeback.

### **My final decision**

For the reasons I've set out above, I uphold this complaint. Monzo Bank Ltd should do the following to resolve the complaint:

- Pay Mr K £599 – the value of the item; and
- Pay 8% simple interest on the value of the item from 28 December 2023 to the date Monzo pays the compensation.
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Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 February 2025.

Christopher Convery  
**Ombudsman**