

The complaint

Mr L complains that Monzo Bank Ltd failed to obtain a refund under the chargeback regime for a service which was not provided in full.

What happened

On 8 August 2022 Mr L signed up with a supplier of online learning courses. He believed it would give him lifetime access. The product was described as Lifetime Access and his subscription ran from 9 August 2022 until 11 August 2023. His next subscription was due on 11 August 2023 and was set to renew automatically. The first subscription cost £370.39 which he paid using his Monzo account. Mr L contacted Monzo on 15 January 2024 saying that the supplier had stopped trading and the website was no longer available.

It asked for details of the transaction and credited Mr L's account. It later told him that the supplier had turned down his claim. However, this was incorrect. Monzo did not contact the supplier as the time limit for seeking a chargeback had expired. The sum was debited to Mr L's account. His complaint was rejected by Monzo and he brought a complaint to this service.

It was considered by one of our investigators who agreed the time limit for making a chargeback had expired, but he thought Monzo had misled Mr L by telling him the supplier had rejected the claim. He also thought that given the claim was made too late that Monzo should not have credited the account, albeit temporarily. He suggested compensation of £75.

Monzo accepted this, but Mr L did not and asked that his complaint be considered by an ombudsman.

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.

As our investigator noted, chargebacks are subject to the rules set out by the relevant card scheme whose logo appears on the card (in this case, Mastercard). The card schemes are not within the jurisdiction of the Financial Ombudsman Service and we are unable to require them to run their chargeback schemes in a particular way. However, we can consider whether a card issuer has applied the rules correctly and conducted the chargeback process in a competent manner.

In this case the window of time in which a chargeback could be attempted under the card scheme rules has been a key point in dispute. The Mastercard rules set out the time limits that apply to chargeback claims. These state that when ongoing services cease, a consumer needs to bring their chargeback dispute within 120 calendar days of the date they become aware that the service ceased. The service was due to end on 11 August 2023, but the supplier ceased operating in April 2023. Mr L contacted Monzo on 15 January 2024 so the time limit for raising a chargeback had passed.

I note that Monzo incorrectly told Mr L that the supplier had rejected his claim when in fact it had not been contacted. It also credited his account when it knew a chargeback was not possible. I agree with our investigator that these actions were misleading and will have caused Mr L some distress. He was made to believe the supplier was still active when he had not been able to make contact with it and the web page had disappeared. For that I consider the sum of £75 compensation should be paid to Mr L.

Putting things right

Monzo should compensate Mr L for the distress and inconvenience he suffered.

My final decision

My final decision is that I uphold this complaint and direct Monzo Bank Ltd to pay Mr L £75 if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 20 March 2025.

Ivor Graham
Ombudsman