

The complaint

Mr R complains about Monzo Bank Ltd's decision not to raise a chargeback claim on his behalf. Mr R has also complained about Monzo Bank Ltd's service during the chargeback and complaint process.

What happened

Mr R employed the services of a business (who I'll refer to as 'B' throughout) to complete work on his car. In February 2024 Mr R contacted Monzo to dispute a payment made to B via his Monzo Flex account (a Mastercard credit card linked to his Monzo bank account), as he said he hadn't received the service he'd paid for.

Monzo provided Mr R with details of the chargeback process and obtained some information from him, but ultimately declined to make a chargeback claim on his behalf. Unhappy with Monzo's position Mr R raised a complaint, and before a final response was received he referred his complaint to our service for review.

Our investigator considered Mr R's complaint and upheld it in part. In relation to Monzo's decision not to submit a chargeback claim our investigator felt Monzo's decision was fair. She said this as she considered it was reasonable for Monzo to have asked for further evidence, by way of an expert's report, to support the chargeback claim. She also became aware during the complaint process that Mr R had taken B to court and received a judgement against B which included the cost of the transaction in dispute. Our investigator therefore concluded Mr R's loss at the centre of this dispute had been resolved.

As part of Monzo's submission to our service it made an offer of £50 for what it considered was poor service as it hadn't issued Mr R with a final response letter to his complaint. Our investigator considered this was a fair offer taking account of the situation and the level of service Monzo had provided, and explained this to Mr R.

Monzo didn't have anything to add in response to our investigator's view; Mr R disagreed. Initially he was unhappy that our investigator wasn't recommending Monzo had acted unfairly by not submitting a chargeback claim on his behalf. But as the complaint progressed and Mr R received a judgement from the courts, it appears he accepted it wouldn't be reasonable for him to be put in a position of betterment. But Mr R disagrees £50 fairly reflects the inconvenience he went through when looking to dispute the transaction and engaging with Monzo throughout this process.

As an agreement couldn't be reached the complaint's been passed to me to decide.

I've seen since Mr R referred this complaint to our service Monzo has taken collection and recovery action on his Flex account. I've also seen that a complaint about this was resolved by our service under a separate reference. So, to be clear, my decision here solely deals with Monzo's decision not to raise a chargeback claim on Mr R's behalf, and the level of service Mr R received relating to this process.

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.

The information in this case is well known to Mr R and Monzo; and I've seen our investigator set out the chargeback process and our service's approach to these types of cases within their view. So, I don't intend to repeat this information here. I've focused my decision on what I consider to be the key points of this complaint. I don't mean to be discourteous to Mr R or Monzo by taking this approach, but this simply reflects the informal nature of our service.

I think it would be helpful for me to set out from the beginning that I've ultimately reached the same outcome to that of our investigator, for broadly the same reasons. I acknowledge this will be disappointing to Mr R.

Monzo's decision not to submit a chargeback claim

As I've set out above, Mr R was looking to raise a dispute about a transaction on his Monzo Flex account in February 2024. Mr R said he hadn't received the service he'd paid B for, and after he didn't receive his desired outcome with B, he contacted Monzo to dispute the transaction.

Monzo asked Mr R some information in order to better understand the dispute. As Mr R wasn't able to provide Monzo with the level of information it considered was reasonably required in order for it to make a successful chargeback claim, it made Mr R aware it wouldn't be able to take his dispute further.

As our investigator set out within their view, chargeback is a voluntary scheme controlled by the card scheme operator to look to resolve some disputes between cardholders and merchants. When a financial business submits a chargeback claim it's bound by the card scheme operator's rules; and as a chargeback is an evidenced based process, I don't consider it unreasonable that Monzo requested certain information in support of Mr R's claim. However, I don't consider a specialist report, as Monzo had requested in this instance, was needed in this case for it to submit a chargeback claim.

I say this because I've reviewed the Mastercard scheme rules for chargebacks. It appears to me the most appropriate chargeback rule is services not as described or defective, given Mr R's claim was that he hadn't received services as described.

Under the card scheme rules, supporting documentation is required to satisfy the conditions of the chargeback. This includes an email, letter, message or completed dispute resolution form describing the complaint in sufficient detail to enable all parties to understand the dispute. Based on the information Mr R provided Monzo by phone and in writing, I think he provided sufficient information in order to reasonably make his claim clear.

In relation to an expert report, the MasterCard chargeback scheme rules for this reason code state: *'Optionally, documentation from an expert or professional that supports the cardholder's dispute about the level of quality or misrepresentation.'*

So, I don't consider it was reasonable for Monzo to say Mr R needed to obtain an expert report in order for it to submit a chargeback claim on his behalf; as this is stated within the rules as being optional. It therefore follows I can't agree Monzo acted fairly by not submitting the claim in the absence of this further evidence that it had requested.

However, even though I consider Monzo ought to have raised a chargeback claim based on the evidence Mr R had provided, I can't be reasonably satisfied, on balance, that it would more likely than not have succeeded. I say this because the information Mr R had provided Monzo when looking to dispute the transaction was limited; and I think it's reasonable to conclude the merchant would have disputed Mr R's claim that the service wasn't as described or was defective. So, for that reason I consider it's more likely the information wouldn't have been sufficient for the claim to have succeeded.

So, I don't consider Monzo's actions by not submitting the chargeback claim on Mr R's behalf have led to him being disadvantaged.

As Monzo didn't raise a chargeback claim on Mr R's behalf, and as his transaction met the criteria of a Section 75 Consumer Credit Act 1974 (S75) claim, I would have expected Monzo to have considered this alternative method to resolve the dispute.

It appears Monzo did consider whether Mr R could raise a S75 claim as the contact notes I've seen show this to be the case, but that it considered the expert report was needed in support of such a claim. I don't consider Monzo acted unreasonably by suggesting that this further evidence was needed in support of a S75 claim. So, I don't think it acted unreasonably here.

Mr R told us when he referred his complaint to our service that he'd taken legal action against B, and updated us to confirm he'd received a judgement in favour of his claim. This includes in part an amount for the transaction he was looking to dispute through Monzo. So, it appears Mr R has received redress covering this dispute, and it therefore wouldn't be reasonable for him to receive double recovery in any event.

The customer service Mr R received

I've read through the contact notes Monzo has provided relating to the dispute. I can understand Mr R's position that he needed to repeat himself multiple times, and that Monzo's representatives didn't always appear to immediately understand the issue. However, once the situation became clear they did provide Mr R with relevant information.

This included putting in place forbearance measures when Mr R refused to make a payment towards the transaction he was disputing, and making it clear that even though he had ongoing legal action against B, that he still had an obligation under his agreement with Monzo to make payment to his Flex account. It also confirmed failure to do so would result in it sending regulatory notices, and that his credit file could be negatively impacted.

Mr R clearly felt this was unfair given his ongoing dispute, and that Monzo was making an already distressing situation worse. But I can't say it didn't reasonably make him aware of the consequences of him not making payments to the Flex account.

I do consider Monzo's offer of £50 is fair in acknowledging it didn't provide a final response letter within the regulatory timescales; and for the service issues Mr R experienced.

I say this because dealing with financial businesses, especially when things go wrong as it did here, isn't always straightforward. There will be times when an individual may be inconvenienced during these dealings, especially when looking to put things right.

But as I've set out above, I've seen from the contact notes that Monzo was clear with Mr R throughout the process about what was happening with his chargeback claim, and what was happening – and what would happen – with his Flex account in relation to forbearance and consequences of non-payment.

So, for the reasons I've set out above I consider Monzo's offer of £50 is reasonable for the distress and inconvenience Mr R was put to.

Putting things right

Based on my findings above Monzo should pay Mr R £50 to fairly resolve this complaint.

My final decision

My final decision is that I'm upholding Mr R's complaint about Monzo Bank Ltd and direct it to pay him £50 in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 May 2025.

Richard Turner
Ombudsman