

The complaint

Mr M complains that when he froze his Monzo Bank Ltd card according to its help section, a subscription payment was still taken out of his account.

What happened

Mr M had a monthly subscription payment to a merchant, L, but he wanted to cancel it so he froze his card, relying on Monzo's help section in its app which said that when the card was frozen card payments won't work. However L managed to take a further payment of £29.95.

Mr M complained to Monzo, who explained that the payment was taken under a continuous payment authority (CPA) and Mr M had given prior notification to L to authorise this. It also explained that when Mr M replaced his card he had opted it into "Automatic billing Updater" which meant that the card provider automatically updated his details. If Mr M wanted to opt out of this he would only be able to do this by replacing his card. It blocked any future payments to L and advised Mr M to get in touch with L to get his subscription cancelled.

Mr M was not happy with this and believed that Monzo had given him the wrong advice in respect of its help section.

On referral to the Financial Ombudsman Service, Monzo offered to refund the £29.95. Mr M did not accept that. However our Investigator said that Monzo's response was reasonable.

Mr M did not agree and pointed out that the section on CPA in Monzo's terms and conditions conflicted with what was said in its help section.

The matter has been referred to me for an Ombudsman's consideration.

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 has been explained to Mr M, freezing a card will not necessarily block payments made under a CPA. This is because the payment is linked to the account and relies on a consent given to the merchant by the customer when setting up a subscription.

I appreciate that Mr M did not know that. The help section on Monzo's app says:

"You can temporarily freeze your card to prevent any payments being made on it.... When your card's frozen, card payments won't work... Bank transfers, standing orders and Direct Debits will work as normal."

I appreciate that doesn't specifically refer to CPAs or offline payments. These payments are dealt with in more detail in the general terms and conditions. My view is that the freezing of a card isn't really intended to deal with blocking a regular payment. And in a brief help section I wouldn't expect Monzo to alert customers to every particular kind of payment. So, given that Mr M apparently had difficulty in contacting L to cancel his subscription, although banks

often do have contact numbers, his best option was to contact Monzo and cancel the CPA. I can see that this particular merchant was blocked by Monzo so no further payment should go to it. And if the customer requests it we would expect the bank to take steps to cancel the CPA.

So, given that Mr M didn't contact Monzo first before freezing his card, I don't think that it was responsible for the further payment going out. However, it has offered to refund the £29.95. I think that was a reasonable offer and takes into account that the precise wording in the help section didn't alert him to the fact that freezing his card might not have blocked the payment.

On top of the refund we can award additional compensation. But I think in this case the offer to refund the payment is appropriate. I take into account that the offer was made after initial contact with Monzo, and before any investigation had taken place.

My final decision

Monzo has already made an offer to pay £29.95 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Monzo Bank Ltd should pay £29.95.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 December 2024.

Ray Lawley
Ombudsman