

## **The complaint**

Ms R complains about a decision taken by Monzo Bank Ltd ("Monzo") to not raise a chargeback on her behalf.

## **What happened**

On 11 June 2024, Ms R purchased a gift card using her Monzo current account debit card. She spent the gift card at a retailer, who I'll refer to as "C", but she didn't receive the products and services she purchased with the gift card because C went out of business.

Ms R complains that Monzo refused to raise a chargeback on her behalf. She adds that her partner made a similar claim through a different bank where the card scheme was also Mastercard (same as her Monzo account), and this claim was successful. So Monzo is wrong to tell her that her claim isn't covered under the Mastercard chargeback scheme rules.

Ms R says that she has lost out on the £1,138 and had to repurchase the products with a different supplier, that were more expensive. Ms R adds that the service she has received from Monzo relating to her claim has also been poor.

To put things right, Ms R would like this Service to compel Monzo to raise a chargeback on her behalf.

Monzo replied to Ms R's complaint, but it didn't uphold it. Essentially, it said that there were no chargeback rights in this case because Ms R had purchased the gift card via a company I'll refer to as "P". P had fulfilled its part of the agreement by providing Ms R with the gift card, which she was able to spend with C. Monzo explained that it couldn't raise a chargeback in relation to C, because Ms R had made the payment to P, and P had carried out its obligation to provide the gift card.

An Investigator considered Ms R's complaint, but they didn't think Monzo had done anything wrong in not raising a chargeback on Ms R's behalf. It said that there wasn't a code in the Mastercard chargeback scheme rules that would fit the scenario of what happened in this case.

Ms R didn't agree. In summary she said that the gift card provided by P was a means to pay for goods from C, so Monzo should be able to raise a chargeback on her behalf against C. She reiterated that her partner had a chargeback raised on their behalf by a different bank in similar circumstances which had been successful.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

## **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.

Having considered all of the evidence available to me I won't be upholding Ms R's complaint. I appreciate this decision will come as a disappointment to her, however I will explain my reasons for this below.

I'm sorry to have read of the issues Ms R has had with C. However, as Monzo aren't the supplier of the goods, I can only consider whether it acted fairly and reasonably in light of its role as the finance provider.

In deciding if Monzo has acted fairly and reasonably, I have thought about the ways it could have helped Ms R get a refund for the goods she didn't receive but had paid for using the gift card. In this case, given that Ms R paid for the gift card using her Monzo current account debit card, I consider the chargeback process to be relevant.

The chargeback process provides a way for the card issuer – in this case Monzo – to help a customer claim a full or partial refund of the amount paid on their card, if certain things go wrong with what they've purchased.

The process is overseen by the card scheme – in this case, Mastercard. Card schemes set out various rules covering things such as what sort of scenarios are eligible for chargeback, the kind of evidence required, and the timescales for a chargeback to be raised.

Generally speaking, it is good practice for a card issuer to attempt a chargeback where the right exists and there's a reasonable prospect of success. That said, they're not guaranteed to be successful, and a consumer is not able to demand that their card issuer attempt one. A chargeback can be defended too; the party which received the payment – in this case P – can resist a chargeback attempt. If neither the consumer nor the merchant concedes then, ultimately, the card scheme itself can be asked to rule on the dispute in a process called arbitration.

The main crux of Ms R's complaint here is that Monzo didn't attempt to raise a chargeback on her behalf. So, I have considered what both parties have said along with the wider evidence about the scheme rules to decide if Monzo acted fairly and reasonably in handling Ms R's claim.

Chargebacks can only be raised for reasons specified by the card scheme. If a particular dispute doesn't fall neatly within one of those reasons, then it may not be a suitable dispute to raise via a chargeback.

Having considered the reasons for which a chargeback can be raised under Mastercard's rules, I can't see a reason code that would apply to Ms R's dispute. Ms R's dispute here is essentially with C, as C are the company that has gone out of business and hasn't been able to fulfil the agreement to provide goods after receipt of Ms R's payment via gift card. But in this case, Ms R paid P (the merchant) for the gift card using her Monzo debit card. Any chargeback would need to be against the merchant (P). And given that P provided what it was supposed to (the gift card), and Ms R was able to spend the gift card with C (albeit she didn't get the goods and services she ordered), Ms R's dispute here isn't really about P, it's about C.

If Monzo were to process the chargeback, this would have to be against P, because Ms R paid P for the gift card. So, I think it's likely P would have defended the chargeback, given that it provided the gift card as it was required to. Based on everything I've seen; I think it's more likely than not that the chargeback would have been unsuccessful, and I'm satisfied that Monzo didn't act unfairly or unreasonably by taking the decision not to proceed with a chargeback. That's because I'm satisfied the chargeback had no reasonable prospect of success.

I have noted Ms R's comments that her partner had a chargeback raised on their behalf by a different bank in similar circumstances' which had been successful. She says her partner's bank did so on the basis that the gift card was a means of purchase, rather than a purchase itself. While I don't doubt what Ms R has said about the other bank, my role is to decide if Monzo has handled Ms R's claim fairly. And given what I've said above, I'm persuaded that it has.

I can also see that Ms R has complained about the service she received from Monzo. Overall, I'm satisfied that Monzo investigated Ms R's claim within a reasonable period of time. I have noted that the disputes team at Monzo didn't pick up Ms R's dispute within the time it said it would. But it was explained to Ms R during the calls she had with it that the team was experiencing delays, and it couldn't say when it would be able to give her an answer. Understandably, this would have been frustrating for Ms R – especially given the circumstances around why she was disputing the payment and the amount. But I don't think the time she had to wait for an answer was unreasonable – her dispute was first raised on 25 July 2024, and Monzo let her know on 21 August 2024 that it wasn't going to raise a chargeback on her behalf.

I would like to offer my sympathies to Ms R. I appreciate that she'll find this decision incredibly disappointing - I can understand why. She has lost out on a significant sum of money through no fault of her own, which would undoubtedly feel unfair to her. In reaching my conclusion, I don't wish in any way to downplay or disregard the situation Ms R is in. But being independent means, I have to take a step back and consider what both parties have said. And having done so, for the reasons I've explained, I don't fairly find that Monzo has done anything wrong.

### **My final decision**

For the reasons set out above, I don't uphold Ms R's complaint.

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

Sophie Wilkinson  
**Ombudsman**