

The complaint

Miss L complains Monzo Bank Ltd didn't do enough to help get a refund for a transaction made on her debit card.

What happened

In March 2024, Miss L bought a number of items from a bakery, paying with her Monzo debit card. When getting home and checking her receipt, Miss L was concerned the scales used to weigh the items was wrong, meaning she'd been overcharged.

Miss L wasn't able to revisit the store, so contacted Monzo for help in getting a refund for the items she said she'd been overcharged for.

Monzo raised a chargeback, a process of asking the bakery for a refund, via rules set out by the card scheme provider – Mastercard. The bakery defended the transaction, so didn't agree a refund was due. When considering all the evidence provided, Monzo didn't think it could challenge Miss L's chargeback further, so closed her claim.

Miss L complained. She raised concerns about how her claim had been handled and whether the complaints process had been correctly followed. Monzo didn't agree it had done anything wrong, it said it couldn't challenge Miss L's chargeback further considering the defence provided by the bakery. Monzo recognised it hadn't acknowledged Miss L's complaint when it said it would and apologised for this but said it had responded to the complaint within the required timeframe.

Unhappy with Monzo's response, Miss L referred her concerns to our service. In its submission to our service, Monzo said it would offer to refund the full bakery transaction (£19.51) and pay 8% interest to recognise the time Miss L had been without the funds, alongside paying £25 for any inconvenience caused. One of our Investigators looked into what had happened and thought Monzo's offer was now fair, so didn't recommend it do anything further.

Miss L remained unhappy, highlighting the toll this experience had had on her mental health and that Monzo hadn't appropriately handled her request for help in getting her money back. As the matter wasn't 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.

Miss L paid at the bakery using her debit card. This meant the only realistic option available to Monzo to get the 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 merchant and effectively asks for the payment to be returned to the customer. 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 merchant to provide a defence to the chargeback and its own evidence in support of that defence. If the merchant continues to defend the chargeback, Monzo can either accept that defence, if it believes it's valid, or, it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

Having raised a chargeback on behalf of Miss L, Monzo received a defence from the bakery. The bakery said the concerns were never raised with it directly and its terms, which are displayed at the till state that once a customer leaves the store it won't accept changes/returns, so any queries should be raised at the time of purchase.

Considering all the evidence against the card scheme rules, Monzo decided not to pursue Miss L's claim further. It said as the payment was made in store, Miss L had accepted the amount of the transaction and the bakery's notice by the till meant there wasn't a right to challenge it further.

I appreciate Miss L may be disappointed by this answer, but I don't think Monzo was wrong in making this decision. Monzo raised the chargeback as expected and having received a defence from the bakery, considered everything it had been told against the card scheme rules. In doing this, Monzo didn't think it could challenge the transaction further.

I note Miss L submitted evidence including a receipt showing the weight of the items she'd been charged for and a photo of one of the items on scales showing a differing weight – however as the photo was taken after leaving the bakery, it wouldn't be possible for Monzo to say with absolute certainty that the contents of the bag hadn't been amended or the weights hadn't changed. So, it wouldn't be able to challenge the transaction further on this basis.

Monzo accepts it didn't send an acknowledgement to Miss L's complaint within the promised timescale and apologised for this. I think Monzo's apology for this was reasonable as it then ensured it issued a response to Miss L's complaint within the expected timeframe.

Monzo has however acknowledged that in explaining why it wasn't taking Miss L's chargeback further it didn't provide Miss L a full copy of the bakery's defence, such as a copy of the notice at the till, which may have provided some clarity in why it made the decision it did. As a result, Monzo has offered £25 compensation alongside refunding the value of the transaction and paying 8% interest on this. The interest is to recognise the time Miss L has been without the funds, so it would be appropriate that this is calculated from 14 June 2024, when Monzo removed its temporary credit after the chargeback didn't succeed, until the date it makes the payment.

In the circumstances I think the above resolution is fair. Monzo correctly processed Miss L's chargeback and having received the defence from the bakery made a reasonable decision not to challenge the chargeback further. However, had Monzo provided the full defence from the bakery to Miss L, this could have helped Miss L understand why it wasn't possible to take her chargeback further, meaning the matter would have been resolved sooner. It's therefore appropriate it offered compensation and I think the amount Monzo has offered is fair to recognise any upset caused.

My final decision

For the reasons set out above, I uphold this complaint. To put matter right, Monzo Bank Ltd should do the following:

- Pay Miss L £19.51;
- Pay 8% interest on this amount from 14 June 2024 until the date of settlement; and
- Pay £25 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 28 March 2025.

Christopher Convery
Ombudsman