

The complaint

Mr S has complained Monzo Bank Ltd wouldn't refund him when he didn't get cash out of a cash machine.

What happened

Mr S used a cash machine on 19 August 2024 to withdraw £90. He didn't get the cash but his Monzo account was still debited. Mr S immediately got confirmation from the cash machine owner that he should get refunded by his card issuer. Mr S asked Monzo for a refund.

Monzo told Mr S they weren't obliged to raise a dispute but would do this and see what happens.

Mr S was concerned Monzo weren't following proper processes and brought his complaint to the ombudsman service.

Our investigator agreed Monzo should have acted quicker. She'd have expected them to refund £90 during the period of the chargeback dispute. As it was clear Mr S was a vulnerable young adult, she felt it was fair Monzo refund £90 and also pay Mr S £100 for the trouble caused.

Mr S accepted this outcome. In the meantime, Monzo refunded £90 as the chargeback dispute was settled. They wouldn't agree to paying Mr S £100 in compensation.

This complaint has been referred to 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

Monzo is aware of their obligations under the Payment Services Regulations 2017 and how these apply to disputes over cash machine withdrawals.

They've told us "*disputes are a voluntary scheme for banks*". I can see that they're referring to the international card schemes dispute mechanism, generally called chargebacks. They're not incorrect. The chargeback scheme is the mechanism banks use to manage disputes

between card issuer, card acquirers and merchants. Most banks – during the chargeback process – refund customers whilst alerting them to the fact that if the dispute proves unsuccessful, then the refund may be reversed. Monzo didn't follow this general practice.

Monzo's obligations under the PSRs aren't voluntary and we'd expect to see refunds being made.

Monzo did refund Mr S when the chargeback proved successful. This was on 12 October. But this was nearly two months after Mr S tried to make the initial withdrawal. I think this is too long after the initial event. Particularly when I take into account Mr S's personal situation. At the time Mr S's account was debited with £90, he had almost no money left in his account. I can see both of his parents felt they had to provide him with additional money to tide him over.

Monzo confirmed they didn't refund Mr S because of his age and that he'd only had the account for a short period of time before his complaint. I don't find either of those reasons compelling. Like our investigator I expect them to pay Mr S £100 for the trouble caused.

They also need to pay 8% simple interest for the time Mr S was without £90.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- Pay Mr S £100 for the trouble caused; and
- Add 8% simple interest to £90 for the period Mr S was without his funds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 May 2025.

Sandra Quinn
Ombudsman