

The complaint

Mr I complains Monzo Bank Ltd didn't do enough to help get a refund for a transaction made on his debit card.

What happened

In September 2024, Mr I hired a car for a week while abroad, paying with his Monzo debit card.

During the rental, one of the car's tyres burst meaning the car needed to go to a garage to be repaired. Mr I's rental contract included the provision of a replacement car; however, the rental company couldn't source one for three days.

Mr I says not having access to a car significantly impacted his holiday, as he was staying in a remote location, and plans had been made on the expectation of using the car. Having raised this with the car rental company, it paid Mr I a refund equivalent to two days hire to acknowledge the time he was without the car.

Mr I didn't think this refund went far enough, as he was without a car for three days, had to change plans and incurred further costs. As a result, Mr I contacted Monzo for help in getting a further refund.

Monzo considered the circumstances of Mr I's dispute and decided this wasn't something it could help with. It said as the rental company had provided a partial refund, it didn't think there was a reasonable prospect of success in receiving a greater refund through a chargeback, which is a process of asking the merchant (car rental company) for a refund via the card scheme provider, which here is Mastercard.

Mr I disagreed and complained to Monzo, saying there'd been a breach of contract, so it should have raised a chargeback. Monzo doesn't agree it's done anything wrong, it says as the merchant had already partially refunded the transaction, it didn't think a chargeback would be successful when considering the card scheme rules.

Unhappy with Monzo's response, Mr I referred his concerns to our service. One of our Investigators looked into what happened and thought Monzo had been reasonable in its decision not to raise a chargeback on behalf of Mr I. He said as Mr I had received a partial refund; it was unlikely a chargeback would have been successful. On this basis, he didn't think Monzo had treated Mr I unfairly.

Mr I disagreed, saying Monzo had mis-led his expectations about the viability of the dispute by asking for further information, its assessment had been speculative, it was possible to claim for a partial refund, and this had led to a loss. Therefore, Mr I asked that an ombudsman decide his complaint.

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.

I'm looking here at the actions of Monzo and whether it acted fairly and reasonably in the way it handled Mr I's request for help in getting his money back. This will take into account the circumstances of the dispute and how the merchant has acted, but there are also other considerations, such as the card scheme rules, which Monzo must follow and its own obligations.

Mr I paid for the rental using his 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.

Monzo declined to raise a chargeback on behalf of Mr I, so my review focuses on whether it was reasonable in making this decision.

It isn't a right that Monzo, or any card provider must raise a chargeback every time it's asked to, but where the circumstances of a dispute match the reason codes as set out by the card scheme, meaning it has a reasonable prospect of success, I'd expect Monzo to do so, to support its customer.

Monzo considered Mr I's chargeback including the evidence he'd submitted and concluded if it raised a chargeback, it would be unlikely to succeed, so declined to do this. I appreciate Mr I disagrees with Monzo's decision here, but I think it's acted reasonably, I've explained why below.

The most applicable chargeback code as set out by the card scheme is, '*Goods or Services Were Either Not as Described or Defective*', on the basis that Mr I wasn't able to use the rental car for the full duration of his booking, as it was damaged for part of this.

To raise a chargeback under this reason code, there are certain conditions that must be met, including the following:

"The merchant refused to adjust the price, repair or replace the goods or other things of value, or issue a credit."

In the circumstances Monzo had evidence that the rental company had adjusted the price, issuing a partial refund and replaced the goods, by providing another car – although I acknowledge Mr I was unhappy with the amount of the refund and the car took a number of days to be provided.

Furthermore, Monzo's systems notes set out that when deducting the fuel deposit from the total amount Mr I paid, as this would always have been payable, the refund the rental company had provided was for more than the equivalent of two days hire.

Taking all these points, I think Monzo was reasonable in declining to raise the chargeback on behalf of Mr I. Had it raised the chargeback, I think the rental company is likely to have

submitted a defence, as it hadn't agreed to a full refund with Mr I directly. The defence would have set out that the rental company did provide a replacement car and a partial refund – and on this basis I don't think Monzo would have been able to challenge the chargeback further against the card scheme rules.

I appreciate Mr I may have felt his expectations were mismanaged with Monzo asking for further information, however, I would expect Monzo to ask for all available evidence before assessing a chargeback request to best understand the circumstances of the dispute, so I don't think it acted unreasonably on this point.

In conclusion, while I appreciate this answer is unlikely to be the one Mr I is hoping for, I think Monzo acted fairly in its assessment of his chargeback. It considered all the evidence Mr I had provided and when considering this against the card scheme rules for a chargeback decided it didn't have a reasonable prospect of success for the reasons set out above. I therefore find it was reasonable in declining to raise the chargeback, so won't be asking Monzo to refund part or all this transaction.

My final decision

For the reasons I've set out above, I don't uphold Mr I's complaint about Monzo's handling of his chargeback request.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 12 June 2025.

Christopher Convery
Ombudsman