

The complaint

Mr L complains that Monzo Bank Ltd failed to raise a chargeback in respect of a holiday booking.

What happened

In April 2024, Mr L paid £1,184 to a company I'll call "C" from his Monzo bank account for holiday accommodation.

Shortly after Mr L arrived at the property, he realised that he wasn't able to use the bath and shower because the water ran yellow and there was very little water pressure. He also noticed a leak through the ceiling in the sitting room, close to the light fittings.

Mr L contacted C who suggested that he ran the tap for around 10-15 minutes as there had been a water leak in the area the previous week and that might have accounted for the water being discoloured. C mentioned that the property wouldn't have high water pressure due to its location. C though did arrange for a plumber to attend the property to look at the leak.

C then contacted Mr L again to say that the plumber couldn't find any evidence of a leak and couldn't explain the discoloured water. But they did contact the owner of the property to see if they knew what might have happened. The owner told C that they would be escalating the issues with the relevant water company as there was an issue with the mains supply. The water company suggested that Mr L run a further flush through the system leaving the cold water tap in the kitchen sink on for at least an hour. Mr L says he did this but noticed the leak from upstairs continuing next to a light fitting and a degraded part of the ceiling,

C then asked the plumber to return to the property who identified and fixed the cause of the leak. However, Mr L noticed drip stains on the beams on the living room ceiling and a different leak coming through the living room ceiling, which was the same colour as the bath water. C said the plumber told them that the leak was likely caused by a dog urinating from upstairs and from a spilt drink.

Mr L stayed in the property for the duration of the booking and says that the problems with the water were fixed towards the end of his stay. He asked Monzo for help in claiming a refund back due to the problems he'd experienced with the property. Monzo considered raising a chargeback but didn't do so. They told Mr L they needed evidence in the form of screenshots, which were dated and time stamped showing the correspondence between himself and C, and Mr L hadn't been able to provide this. So, Monzo said the card scheme operator would turn down his claim.

Mr L wasn't happy and referred his complaint to us. Monzo then contacted Mr L and said they would refund him £180 of the £200 security deposit he'd paid C, which they said was the most they could have raised if they had processed the chargeback.

Our investigator didn't think Monzo needed to do anything. In summary, she said that Monzo had acted in line with the chargeback rules and had acted reasonably by not raising a chargeback. This was because the booking was made available for Mr L, and he had stayed

for its duration.

Mr L didn't agree with our investigator and asked for an ombudsman's review.

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 want to acknowledge that I've summarised the events of this complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr L and Monzo that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

As Mr L paid for the booking using his Monzo debit card, realistically the only way Monzo could have helped him to reclaim all, or some, of his money was through the chargeback process.

What is a chargeback?

A chargeback is the process by which payment settlement disputes are resolved between card issues and merchants, under the relevant card scheme rules. What this means here is that Monzo can in some circumstances ask for a transaction to be reversed if there's a problem with the goods or services supplied by the merchant that the consumer paid for.

But the chargeback process doesn't give the consumer legal rights, and it isn't guaranteed to result in a refund. It all depends on what the merchant says in response to the request the bank submits. There first must be a right to apply for a chargeback under the card scheme rules. And I'd consider it to be good practice for Monzo to raise a chargeback if it has a good chance of being successful.

It's important to note that chargebacks are decided based on the card scheme's rules not the relative merits of a cardholder/merchant dispute. So, it's not for Monzo – or me – to decide whether Mr L should be allowed to get some or all of his money back for the booking.

For me to conclude that Monzo did something wrong, I'd need to find that it didn't raise a chargeback in circumstances when it should have. This could be, for example, because the dispute looked to have fit within the card scheme rules. I'd also need to find that Mr L lost out as a result, for example, because it's likely the chargeback would have been successful, and he would have recovered some or all of his money.

In view of what Mr L said about the problems he experienced at the property, the most appropriate chargeback reason code would have been '*goods were either not as described or defective*'. In theory, I think there was nothing to prevent Monzo from raising a chargeback bearing in mind Mr L had, from what I can see, sent through clear information about the nature of his dispute and the communications he had with C about it. It seems that Monzo may now accept this as they more recently said that Mr L could have been entitled to a refund of £180 of the £200 security deposit he paid. I understand this amount has now been paid to Mr L (and if it hasn't Monzo should do so).

However, there's no disputing that Mr L stayed in the property for the duration of the booking. And C had mentioned to Mr L that, although there was a leak present in the bathroom, the plumber fixed this and the separate leak referred to by him was attributed by the plumber to dog urine and/or a spilt drink. Also, C attributed the issue with the bath and

shower water to be with the relevant water company, which was outside of their control (and liability). So, even if Monzo had raised a chargeback, it seems more likely than not that C would have defended this.

I note also that, according to Monzo's notes, Mr L put in a claim for a refund for the equivalent of four days of the week long booking. I think it unlikely that he would have been entitled to this given that he'd made full use of the service by staying for the entire duration of the booking and given C's response regarding the second leak and the responsibilities of the water company. So, overall. I don't think Mr L has lost out because Monzo didn't raise a chargeback.

I've also looked at the terms and conditions on C's website and I note some important factors. This makes clear that there are two contracts being agreed. The 'rental' contract which here is between the booker and the owner of the property. The second is the 'booking' contract which is between the booker and the website. The website goes on to say: *"Our responsibilities to you are limited to making the Booking in accordance with your instructions. For the avoidance of doubt, we are not responsible for any transport and/or alternative stay costs and are not responsible for matters pertaining to the state of the Property. As we act only as the agent for the Owner, we accept no liability for any acts or omissions of the Owner, including any shortcomings or defects with the Property".*

So, this makes very clear that problems with the property that Mr L points to are covered by the contract between the booker and the property owner and that the website isn't liable for these issues.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 June 2025.

Daniel Picken
Ombudsman