

The complaint

Miss M has complained about Monzo Bank Ltd's (Monzo's) handling of her claim.

What happened

Miss M booked a stay at a hotel I shall call R using her Monzo debit card. This was for the dates of 2 May to 4 May 2024 at a cost of £258.52. However the wedding she was planning to attend was cancelled and so she contacted R asking for a refund.

She was advised the room booked was non-refundable and so there wouldn't be anything further due. Miss M stated she wasn't made aware of this at the time of booking online and didn't accept any terms and conditions.

As the matter remained unresolved, Miss M contacted Monzo to raise a chargeback claim against R on 12 April 2024. Monzo felt they didn't have sufficient information to raise a claim at the time and asked Miss M to submit further evidence.

Miss M resubmitted the claim on 16 April 2024 however Monzo felt key evidence was still missing and therefore asked her to provide more information. The claim was then finally raised on 17 April 2024 following further submissions from Miss M. This was disputed by R who said that the relevant terms and conditions were visible to Miss M at the time of booking and she was notified that the room was non-refundable.

Monzo declined Miss M's chargeback claim following R's submissions and communicated this to her on 31 May 2024. As Miss M was dissatisfied by this outcome, she raised a complaint with Monzo and then requested a final response letter (FRL) on 7 June 2024. However Monzo has admitted they didn't provide a FRL despite Miss M's request.

As Miss M didn't receive a satisfactory response regarding her complaint, she referred the matter to our service at the end of July 2024. Our investigator reviewed the complaint but felt Monzo hadn't done anything wrong in their administration of Miss M's chargeback claim. Miss M had initially expressed her dissatisfaction with the fact she had been asked for more information from Monzo on two occasions but our investigator felt that Monzo was entitled to do so under the circumstances.

Our investigator also considered R's submissions to Monzo and said they were satisfied that Miss M was made aware at the time of booking that the room was non-transferable and non-refundable. They were therefore of the view that Monzo were correct in their conclusions that there wasn't sufficient prospect of success with her chargeback claim to move it any further forward.

Miss M responded by stating that the card issuer requirements hadn't been considered appropriately by Monzo during their consideration of her claim. She said that for the reason code 'Credit Not Processed', appropriate disclosure of the refund policy wasn't given, she didn't have access to the terms and conditions and she also didn't tick a box to confirm acceptance to R's policy regardless.

Our investigator responded to Miss M's concerns and explained why he was satisfied that

the appropriate terms had been available to Miss M at the time and by proceeding with the booking itself she had accepted these.

As Miss M didn't agree, this case has been passed to me for a final decision.

I previously issued a provisional decision. In summary I said

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that Monzo aren't the provider of the services here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Miss M paid for this transaction using her debit card, a chargeback could possibly help her. So in deciding what is fair and reasonable I've focussed on this.

Chargeback

There is no requirement for Monzo to raise a chargeback, but it's often good practice to do so. However, a chargeback isn't guaranteed to succeed and is governed by the limitations of the particular card scheme rules (in this case Mastercard). I've considered the relevant chargeback rules in deciding whether Monzo acted fairly.

The relevant chargeback code for Miss M's claim would be 'Credit Not Processed' as she wasn't refunded by R as requested.

I note R has provided information regarding the booking and in turn Miss M has raised her concerns around the booking process. It may be helpful for me to address these in turn.

As a part of this I'll be looking at the requirements of the chargeback scheme rules, specifically the condition under this chargeback code that states 'the merchant failed to disclose its refund policy at the time of transaction and is unwilling to accept a return or cancellation of goods and services'.

Notification of the room refund policy

R has provided a copy of a screen shot showing the description of Miss M's room at the time of the booking. The room description confirmed it was at a 'Advanced Purchase Room Only Rate' and clicking on its link showed the cancellation policy for that room.

The description said:

"Cancellation Policy

On advance purchase rates a credit or debit card is required to charge full pre-payment at the time of booking. This is non refundable and non transferrable".

I've also reviewed R's site to determine its general functionality and can see that clicking on each room description provides the relevant cancellation policy and in

addition states the same refund policy for the 'Advanced Purchase Room Only Rate' room. Therefore I'm satisfied that Miss M was appropriately notified that her specific room was non-refundable prior to booking.

Visibility of R's general terms and conditions

Miss M has provided a short video clip of the final section of the booking process with R and it shows a broken link. However it doesn't show a mouse pointer and thus what was clicked to create this error although I appreciate the page had hyperlinks to their terms and conditions, their privacy policy as well as the book now button. The broken link could therefore have appeared upon clicking on any of these although I appreciate Miss M has said that this occurred when she attempted to open their terms and conditions.

I've tried to replicate this same error but at present it does load R's terms and conditions and the top link is for the 'Terms and Conditions for Bedroom Bookings'. While I appreciate Miss M has said this wasn't functional at the time of her booking, I do think it would've been fair to contact R if she didn't have visibility of this to ensure she was aware of what she was agreeing to. I've reviewed the terms and conditions on the link and they simply list the various refund policies of their rooms.

This means that even if Miss M had been able to load the link to the terms prior to the booking, it would've provided the same cancellation policy wording for her room that was visible on the link available in the room description.

I'm therefore not satisfied that a possible broken link to the terms and conditions prejudiced Miss M in anyway. Her complaint is about the room being non-refundable and those terms were visible to her in the earlier room description during the booking process.

Miss M has said she wasn't made aware of her terms and conditions and she is therefore due a refund from R. She has based this on Mastercard's chargeback guide which refers to the importance of proper disclosure. I've reviewed the guide and note that it does say that the cardholder must be informed of the refund policy as described in the Transaction Processing Rules - section 3.11 Specific Terms of Transaction. It does confirm that failure to disclose a refund policy will result in the merchant's requirement to issue a credit.

The rules say the following:

"When the merchant informed the cardholder of its refund policy at the time of purchase, the cardholder must abide by that policy. For example, the cardholder's sales slip clearly indicates that the refund policy is "in store credit only" or "no refunds".

As stated earlier, the terms and conditions linked prior to completing the booking provided the same wording as the refund policy disclosed under Miss M's room description.

I'm therefore satisfied that Miss M would then need to abide by the cancellation policy which in this case specifically stated that the room was 'non-refundable' and 'non-transferrable'.

Acceptance of the cancellation terms

I'm also aware that Miss M has said she didn't tick a box agreeing to the terms nor press a submit button agreeing to these. She has referenced Mastercard's Transaction Processing Rules tied to this and I see the relevant terms are the following:

"3.11.1 Specific Terms of an E-commerce Transaction

In an e-commerce Transaction

1. A Cardholder may accept specific Transaction terms by electronic means (for example by checking a box or clicking a "Submit" button indicating an acceptance of terms and conditions), and..."

I see from Miss M's video that consumers need to tick a box to confirm their acceptance to R's terms and conditions. In addition it has a 'Book Now' button which would perform the same function as the 'Submit' button detailed in Mastercard's rules.

I also appreciate that Miss M says she couldn't see the terms and conditions she ticked to book the room but as mentioned before, these listed the same cancellation policies detailed prior in the booking process. And as mentioned before, it would be reasonable to contact a supplier if their terms and conditions aren't visible before accepting so I can't accept the transaction didn't meet Mastercard's requirements here.

With all of this in mind I'm satisfied Miss M did accept R's terms and conditions – and the key ones here were the cancellation terms which were visible to her during the booking process.

This means I don't think Monzo did anything wrong in declining the chargeback claim and not considering a further progression to arbitration. I say this because with consideration of the available evidence, I can't see there would've been a reasonable prospect of success had the claim been taken further.

Monzo's initial progression of the claim

Miss M has also raised concerns about the fact her claim wasn't progressed on two separate instances and therefore she had to keep resubmitting before it was progressed by Monzo.

I've reviewed Miss M's claim submissions and without going into too much detail here, I note more information was provided each time regarding the specifics of the complaint. I don't think Monzo was unreasonable in asking for as much detail as possible to progress the claim and did so as soon as this was provided on the third submission.

I therefore can't agree that Monzo acted unreasonably in their requests for more information during the initial chargeback submissions.

Monzo's general customer service regarding Miss M's complaint

Miss M has said in her complaint form that she is also unhappy with Monzo's handling of her subsequent complaint and the fact this wasn't logged. I note that our investigator hasn't addressed this in his view. I've reviewed Monzo's submissions

and they've accepted there were delays after the complaint was raised on 7 June 2024 and therefore a FRL was not sent in time.

To put this right, they've offered £25 to address the distress and inconvenience caused by this delay. I do think this is appropriate as this was a clear shortcoming in Monzo's processes following the claim outcome.

To conclude

While I appreciate it would've been disappointing for Miss M to find Monzo had declined her chargeback claim, I can't say they did anything wrong here. I appreciate Miss M's frustrations as she has said that R's terms and conditions weren't visible due to a broken link but I'm satisfied that the same cancellation terms were made clear to her prior in the booking process.

I don't think it would be reasonable to say that her lack of clarity, despite the terms and conditions being visible prior meant she wasn't bound to these and so she was entitled to a refund from R.

In summary, I think Monzo acted reasonably in declining the chargeback claim as there wasn't a reasonable prospect of success had it been progressed further. In addition they needed sufficient evidence to raise the chargeback claim in the first instance and so were entitled to ask for more information.

They should've however have logged Miss M's complaint after it was raised but this doesn't look like it was done. I do think the £25 compensation offered by Monzo is fair to put this right.

Monzo responded to my provisional findings and accepted them. Miss M didn't respond to my findings.

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.

As neither party have added anything further, my findings remain the same. I don't consider Monzo need anything more regarding the chargeback claim, however I do think the £25 compensation offered is appropriate to address the delays in logging a complaint.

My final decision

For the reasons above, I uphold this complaint. Monzo Bank Ltd must:

- Arrange for a payment of £25.00 to Miss M for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 July 2025.

Viral Patel
Ombudsman