

## **The complaint**

Mr F complains about the service he received from Monzo Bank Ltd ("Monzo") when he raised a Direct Debit Indemnity Claim ("DDIC") and is unhappy with Monzo's cheque processing times and wants Monzo to review its process documentation.

## **What happened**

Mr F contacted Monzo on 29 July 2024 and requested a DDIC to be raised regarding a bill payment for £31.75 as what was taken was for more than agreed. During the chat Mr F became frustrated and used what Monzo's agent believed to be inappropriate and threatening language and so after providing Mr F with a warning about this they ended the chat without raising the DDIC.

Following a call with Mr F Monzo raised the DDIC on Thursday 1 August and the funds were credited back to Mr F's account on Monday 5 August.

Following this Mr F posted a cheque for £800 to be credited to his account. Monzo received the cheque on Wednesday 28 August and the funds became available to Mr F on Tuesday 3 September - four working days later.

Mr F was unhappy with this as he believes the cheque should have been processed within one working day and he says has lost interest as a result of the delay.

Mr F raised a complaint with Monzo about these issues.

Monzo didn't uphold Mr F's complaint as it didn't believe any errors had been made on its behalf. It says the DDIC wasn't raised as its agent had to end the chat due to Mr F's inappropriate and threatening language and that its process for processing cheques received by post usually takes four to six working days from receipt to reach a customer's account.

Mr F was dissatisfied with this and so brought his complaint to this service. Mr F believes his complaint should be backdated to 29 July when he first expressed his dissatisfaction in his chat with it and that Monzo has failed to acknowledge the impact the issues have had on him such as loss of interest and the inconvenience caused.

One of our investigators looked into Mr F's concerns and thought that although Monzo had made an error by not raising the DDIC at the first opportunity, they didn't think the delay was unreasonable and as such didn't think any compensation was due, but thought that in recognition of its error that an apology would be appropriate.

They didn't agree Monzo had failed to raise a complaint on 29 July regarding the DDIC as at this point although it was evident Mr F was dissatisfied, they thought this was regarding another matter that has since been resolved. And as they didn't agree that Monzo had made an error in the processing of Mr F's cheque – it being processed in-line with Monzo's procedures and as outlined in the terms and conditions without delay - they didn't recommend any redress for lost interest.

Monzo accepted our investigators recommendations, but Mr F remains dissatisfied and so his complaint has been progressed for an ombudsman's decision on the matter.

Mr F says he has a disability recognised under the Equality Act that can lead him to lose his temper and so disagreed it was reasonable for Monzo's agent to end the chat and not raise a complaint at the time as it was clear that an expression of dissatisfaction was being made.

Mr F says the terms of the Direct Debit Guarantee Scheme entitles customers to a full and "immediate refund" of the amount paid from your bank or building society and so Monzo should've refunded him immediately after raising the dispute and not within five working days.

Furthermore, cheque clearance periods clearly say that these should clear the working day after it has been received by a bank and so Mr F wants to be compensated for lost interest.

### **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 hope that Mr F won't take it as a discourtesy that I've condensed his complaint in the way that I have, the facts of this complaint are known by all parties and I don't see the merit in repeating them here.

It might be helpful for me to say here that, this service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority. So I can't look at Monzo's complaints process and tell it what it must do or should've done and even if it was in this service's power to do so, as complaint handling isn't a regulated activity, we wouldn't be able to look at Mr F's complaint if it solely related to this.

My role rather is to look at problems that Mr F has experienced and see if Monzo has done anything wrong or treated him unfairly. If it has, I'd seek to put Mr F back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

Firstly, taking the matter of the DDIC, it is no longer disputed that Monzo could've and should've raised Mr F's DDIC when he requested this on 29 July 2024 and that as a result of its error there was a delay in Mr F receiving his refund.

So what I need to decide is what is a fair and reasonable way for Monzo to put this right. And after considering everything I'm in agreement with our investigator that an apology from Monzo is sufficient here.

Although I accept Mr F didn't receive his refund immediately – as per his understanding of the direct debit guarantee - he did still receive it within what I think is a reasonable period.

Mr F's language and behaviour lead to Monzo's agent ending the chat which in the circumstances I think was reasonable. And I think it's likely this contributed to the delay in raising the DDIC and so I'm not persuaded any compensation is due here.

In any case things don't always go smoothly, mistakes happen and as stated above our role isn't to punish or penalise the businesses we cover.

And regarding the processing Mr F's cheque, I don't agree that Monzo have made an error here. My understanding is that there are two cheque clearing cycles in operation in the UK – the next business day introduced in late 2017 and the 2-4-6 cheque clearing or 6 business days cycle. And whatever cycle is used will depend on the bank and by what method of deposit the cheque is received.

In Mr F's case his cheque was received in the post on a Wednesday and his funds cleared by the following Tuesday – four working days later. So I consider that Monzo's processed his cheque in line with the 6 business days clearing cycle and within a reasonable time without delay. I accept that cheque clearing has become faster with the introduction of digital images of cheques, but the 6 business day timeframe still remains in operation and is valid and so I can't say Monzo has made an error here and don't agree Mr F should be compensated.

Finally, I appreciate Mr F's frustration that Monzo won't backdate his complaint but again I'm in agreement with our investigator that the dissatisfaction displayed by Mr F related to another complaint point that has since been resolved and so I don't think Monzo made an error here. And even if I thought Monzo had made an error, as I've explained above, complaint handling isn't a regulated activity so this part of Mr F's complaint isn't something I can look at compensating Mr F for.

And so it follows that although Monzo made a small error in not raising the DDIC at the earliest opportunity, I don't think this warrants compensation and think that Monzo providing Mr F with a written apology for this is a fair way to resolve his complaint.

### **My final decision**

For the reasons I've explained, I partially uphold Mr F's complaint and direct Monzo Bank Ltd to issue a written apology for the delay in raising his Direct Debit Indemnity Claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 22 July 2025.

Caroline Davies  
**Ombudsman**