

The complaint

Miss O complains Monzo Bank Ltd has not dealt fairly with her chargeback request and closed her account.

What happened

Miss O had an account with Monzo which she opened in 2019

Miss O made a chargeback claim to Monzo for a payment of £355 which she made from her Monzo account in September 2024 for a car purchase.

After Miss O bought the car she discovered that it was fault and contacted the car dealer to arrange a return. Miss O also complained to the finance company. I am aware that Miss O has brought her complaint regarding her car purchase to this service. This is being looked at separately to this complaint, however I will refer to it as its relevant to the circumstances of this complaint.

Monzo raised a chargeback for Miss O, which is a way to ask the retailer for a refund via the card scheme provider – MasterCard. In the meantime, Miss O was given a temporary refund in November 2024.

The car dealer defended the chargeback as it didn't agree Miss O was due a refund. They said Miss O had returned the car in a damaged condition, so they wouldn't be issuing a refund of the deposit. However, the finance company later agreed to refund Miss O's deposit and paid her £300 compensation.

Monzo informed Miss O in January 2025 that her dispute was unsuccessful and re-debited the funds from her account. Following this Monzo decided to close Miss O's account and wrote to her on 15 January 2025 giving her 60 days' notice that she'd need to make alternative banking arrangements.

Miss O subsequently made a complaint. She said Monzo had treated her unfairly by closing her account and believes it is because she raised a chargeback and has trouble using Monzo's chat function due to a disability. And had requested call her to discuss anything complicated. Monzo issued its final response and in summary it said:

- Monzo followed its internal procedures and account terms and conditions when raising the chargeback on Miss O's behalf with Mastecard.
- It wasn't obligated to raise a dispute for a customer but tried to help where possible and when it was reasonable to do so
- The merchant had provided evidence after Miss O's dispute was submitted. This was reviewed alongside the information Miss O provided, and the dispute wasn't found in her favour.
- It had closed Miss O's account in line with the terms and conditions of the account.

Unhappy with Monzo's response, Miss O referred her complaint to our service. In short, they said:

- Monzo provided reasons behind its actions to our service in confidence.
- Monzo didn't act unfairly when it didn't agree to provide a refund for the payment to the merchant and re-debited Miss O's account.
- Miss O had already received a refund of her deposit from the finance company.
- Monzo had closed Miss O's account fairly

Miss O disagreed. She said the car dealer had submitted false paperwork and was crook. She said Monzo had only closed her account because she had raised a chargeback. And she had to go to a lot of trouble rearranging her finances including her salary payments.

As no agreement could be reached the matter has come to me to decide.

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.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Miss O and Monzo have said before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Monzo has provided is information that I consider should be kept confidential.

Having reviewed the submissions from both parties, I've decided not to uphold this complaint. I understand this will be disappointing for Miss O, so I'll explain why.

The chargeback process provides a way for the card issuer – in this case Monzo – to help a customer claim a full or partial refund of the amount they paid on their card, if certain things go wrong with what they've purchased. In this case the car Miss O bought on finance from a car dealer in September 2024.

The process is overseen by the card scheme – here that's MasterCard. Card schemes set out various rules covering things such as what sort of scenarios are eligible for chargeback, the kind of evidence required, and the timescales for a chargeback to be raised.

It's generally good practice for a card issuer to attempt a chargeback where the right exists and there's some prospect of success. But a chargeback isn't guaranteed to be successful, and a consumer isn't able to demand that their card issuer attempt one. A chargeback can be defended too; the party which received the payment – in this case the car dealership and finance company – can provide evidence to counter a chargeback attempt. If neither the consumer nor the merchant concedes then, ultimately, the card scheme itself, in this case MasterCard can be asked to rule on the dispute in a process called arbitration.

Monzo raised a chargeback for Miss O and the car dealership subsequently defended the chargeback attempt. So, it was up to Monzo to decide whether to take the dispute further

and ultimately on to arbitration to be decided by MasterCard – and it would usually only do this if it thought it had a reasonable prospect of success.

I can't know for certain what view MasterCard would have held had the chargeback been taken to arbitration, however, I think on balance, the arguments and evidence the car dealership would have been favoured over Miss O's. Monzo felt that the defence from the dealership was compelling enough that it decided to concede the dispute and not take it any further. Having reviewed the evidence the dealership presented, I don't consider that there was a reasonable prospect of Miss O's chargeback claim being successful in these circumstances, if Monzo had taken it further.

Whilst I appreciate the finance company subsequently decided to refund Miss O's deposit after she made a complaint, our role in such cases is not to question the card scheme rules, but to determine whether the regulated card issuer (i.e., Monzo) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of Miss O.

Based on the evidence provided from Monzo I can see it gathered information from Miss O about her payment and interactions with the merchant.. Based on the responses received to its queries, Monzo decided there was no entitlement to a refund as set out in the chargeback regulations. This is a decision Monzo is entitled to make, in light of the chargeback rules and evidence provided.

Looking at the information provided, I think Monzo took the appropriate steps to pursue the chargeback on behalf of Miss O and I think Monzo reached the decision not to refund the amount to Miss O fairly. Monzo raised chargebacks but didn't pursue them to arbitration when some of the chargebacks were declined. But I don't think it has acted unfairly in doing so in these particular circumstances. It can only be expected to attempt arbitration if there's a reasonable chance of success. And in this case, I don't think there was a reasonable chance of success. This is because, as discussed above, the dealership was able to provide compelling evidence to dispute the chargeback.

Overall, I'm persuaded Monzo handled Miss O's chargeback claim appropriately, so I won't be directing Monzo to do anything to put things right. In reaching this conclusion I've also kept in mind that Miss O has received her money back – so it wouldn't be fair to ask Monzo to refund the money again.

I'll next deal with Monzo's decision to close Miss O's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

That's because Monzo is entitled to close an account with Miss O just as Miss O is entitled to close her account with Monzo. It's generally for banks and financial businesses to decide whether or not they want to provide, or continue to provide, banking facilities to any particular customer. As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. But before Monzo closes an account, they must do so in a way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Monzo could close Miss O's account by giving at least two months' notice. I've seen the letter Monzo sent to Miss O on 15 January 2024, giving her the full notice period, so I'm satisfied Monzo has complied with this part.

I've next gone on to consider whether Monzo's reason for closing the account was fair. In doing so, I appreciate that Monzo are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Monzo should

have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. In doing so I've also considered what Miss O has said about the reasons she believes the account has been closed, including the potential discrimination that she has raised.

While I can appreciate this is her perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Miss O has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Monzo would have treated another customer with similar circumstances any differently than Miss O. After looking at all the evidence, I've not seen anything to suggest Monzo treated Miss O unfairly when it decided to close her account.

In summary, for the reasons I've explained, I don't think Monzo acted unfairly or unreasonably when it declined Miss O's chargeback claim and closed her account. So, I won't be asking Monzo to do anything more to resolve Miss O's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 24 September 2025.

Sharon Kerrison
Ombudsman