

The complaint

Miss I complains that Monzo Bank Ltd (“Monzo”) didn’t properly pursue a chargeback.

What happened

In late October 2024 Miss I signed up for an intensive driving course with the merchant. This cost £320.59 which she paid with her Monzo debit card. She also paid the DVSA £62 for a driving test slot.

The merchant allocated a self-employed driving instructor but he didn’t respond to Miss I’s messages and she was unable to arrange a suitable time for a lesson. Miss I was concerned about the whole approach of the instructor and the merchant so she requested a refund. This was rejected by the merchant.

In December 2024 Miss I contacted Monzo and raised a chargeback based on the information she had provided. The merchant pushed back against this chargeback setting out its terms and conditions which it said did not entitle Miss I to a refund. Monzo concluded that there were insufficient grounds for taking the claim any further.

As a separate matter Miss I reported a scam payment of £130. Monzo agreed it was a scam and refunded it but applied a standard £100 excess. When Miss I explained her situation Monzo agreed to waive the excess.

Miss I made a complaint about the handling of the chargeback and when this was being assessed it confused the refund of £130 with the chargeback. It told Miss I that a partial refund had been obtained. When it sent her a final response to her complaint on 12 February 2025 it admitted the confusion and offered compensation of £60.

On 13 March 2025, a second £62 was taken from Miss I’s account for a driving test.

Miss I brought her complaint to this service where it was considered by one of our investigators who didn’t recommend it be upheld. He reviewed the events in some detail and confirmed that the merchant’s terms and conditions did not allow for a refund. He also explained that the various pieces of consumer law Miss I had referenced did not apply to chargebacks which are a voluntary regime. He also explained that the second payment to DVSA was not a matter for this complaint as it had not been put to Monzo first. As for the first payment to DVSA he believed a chargeback would have had to have been made to DVSA rather than the merchant and he could see no grounds for it succeeding, nor did he think it could have been added to the chargeback against the merchant.

Miss I didn’t agree. She said that she had had to spend hours drafting material to explain to Monzo that it had confused the scam payment with the chargeback claim. She felt the bank had not properly examined the material she sent and so delayed the resolution of the issue. She also felt she had been lied to by the merchant and she had lost trust so the offer of a replacement instructor was of no benefit.

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 have every sympathy with Miss I, but I do not consider I can uphold her complaint. I will explain why.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I also want to assure Miss I that I've reviewed everything on file. 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.

Firstly, I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them.

Miss I has referenced various pieces of consumer law and while I take these into account in my deliberations they have no direct effect on the chargeback regime. Chargeback is a voluntary scheme run by the card scheme operator to process settlement disputes between the card issuer (such as Monzo) – on behalf of the cardholder (Miss I) – and the merchant. It is not a legal right that the cardholder has.

The scheme operator sets the chargeback rules and time limits for transactions made using the card scheme. And it is the scheme operator that decides whether a chargeback is successful – the card issuer simply makes a request on the cardholder's behalf. If the card issuer knows it is out of time, or is unlikely to succeed, I wouldn't necessarily expect it to raise a chargeback.

Monzo took the evidence which Miss I provided and did as I would expect, by raising a chargeback. However, the merchant defended the claim and provided evidence in support of its position. Our investigator has set out the relevant terms and conditions to which Miss I agreed in some detail so I will not repeat these here. I have reviewed these and I can see that they gave the merchant a strong defence against the chargeback. I can understand why Miss I will feel aggrieved since she is out of pocket, but Monzo can only operate within the rules set by the card operator.

I also appreciate why Miss I chose not to accept the offer of another instructor but the fact one was offered is also supportive of the merchant's defence. So, I cannot say that Monzo was wrong in its decision not to pursue the matter further.

The payment to DVSA was one which would have had to be taken up with it and not the merchant. I can see no grounds under the chargeback rules which would allow Monzo to pursue this and I agree with our investigator that there was no mileage in Monzo trying to add it to the existing chargeback.

I have noted Miss I feels disappointed that Monzo confused two separate disputes and it took her time and effort to address this. However, I consider the £60 compensation offered for this confusion is fair and reasonable. On top of that it has removed the £100 excess.

Finally, for completeness I would confirm that the second payment to DVSA is not one this service can consider without it first being addressed by Monzo should Miss I choose to make a complaint.

My final decision

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 I to accept or reject my decision before 23 September 2025.

Ivor Graham
Ombudsman