

## **The complaint**

Mr P complains that Monzo Bank Ltd failed to advise him properly about an account block and a chargeback dispute.

## **What happened**

Mr P signed up to a service with a company, W, payable by a subscription plan by recurring card payment. In January 2025 he received notice of a renewal price for the plan. At the end of January Monzo notified him that W was attempting to take a payment for more than set out in the notice. This was declined as there were insufficient funds in his account. Mr P sent an email to W in reply to its billing notification advising that he wanted to cancel but in error he didn't notice that this went to a "do not reply" email address.

As he was concerned that W would continue to try and take the payment, he contacted Monzo both by phone and online chat to cancel it. It explained that he couldn't do that but that it could block the merchant. He was advised to get in touch directly with the merchant to cancel the plan and was also told that if W tried to take the payment under a different name or details it would be possible to avoid the block.

In March 2025 W managed to collect the payment. Mr P contacted Monzo and it agreed to raise a dispute with W. This was on the basis that he had cancelled the plan and had had no response. Monzo temporarily refunded the fees to Mr P's account. In June 2025 Monzo notified Mr P that W had turned down the claim. It advised that he would need to send in more evidence to challenge W's response. But not the previous notice that had been sent to the do not reply address.

Mr P responded by closing his account. As a result, the dispute was closed and the fees were returned to W. Mr P's closed account is now overdrawn by this amount, and Monzo is seeking to recover that.

In response to his complaint, Monzo said that the block doesn't cancel recurring payments, and it needed specific evidence from Mr P to counter the dispute. As he didn't provide this the dispute was closed.

On referral to the Financial Ombudsman Service, our Investigator said that Monzo had acted reasonably.

Mr P didn't agree saying in particular that Monzo hadn't provided enough information up front about the application of blocks and the chargeback scheme to satisfy the core "Consumer Principle" of the FCA's Consumer Duty.

The matter has been passed to me 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.

Mr P has raised the Consumer Duty. It is a standard for firms which was introduced by the regulator, the Financial Conduct Authority. It sets a higher standard for firms in terms of how they are interacting with their customers, and it applies to events from 31 July 2023. The Duty does not replace or substitute other applicable rules, guidance or law and doesn't ask firms to act in a way that's incompatible with any legal or regulatory requirements. As I'm required to do, I've had the Consumer Duty in mind when considering Mr P's complaint, along with relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

#### *application of block*

When Mr P contacted Monzo, he asked to cancel the recurring payment as he thought it was a direct debit. It was explained to him that this couldn't be done but the merchant could be blocked. The advisers on the telephone and also in the subsequent online chat said the quickest way to resolve this would be for Mr P to contact W and cancel the subscription. Whilst he had sent the email described above, he hadn't received any acknowledgement from W. He was also told that if W tried to take the payment using a different name or details, it could still go through.

I appreciate that Monzo didn't specifically say that blocking wasn't suitable for recurring payments as it did when responding to Mr P's complaint. However, Mr P didn't go back to W, as suggested. I see also that the block was successful in blocking a couple of attempts to claim the payment. And I can't say whether Mr P would have done anything differently had he been told this. He had previously chosen to limit funds in his account so any attempt at collecting the payment would be declined. Although that could incur bank charges. Neither this nor a block in my view would have been a solution and W still could have pursued Mr P.

#### *raising a dispute*

Mr P says that when he requested a dispute to be raised, Monzo only indicated that the merchant might reject the dispute. And that Monzo didn't explain under what circumstances such a rejection might happen. And didn't explain whether the merchant's rejection would be binding or open to further challenge, or how the matter might be resolved if there was a continuing difference of opinion between the merchant and the customer.

It's important to note that chargebacks are run by and according to the card scheme's rules – in this case MasterCard. I have to decide the complaint about Monzo's actions based on what I think is fair and reasonable.

Monzo agreed to raise a dispute for Mr P based upon the cancellation of a recurring payment but which still came out. W rejected the chargeback and it provided detailed reasons for this but given that this was the first stage of the process I can't say that it should have warned Mr P of the likely grounds of challenge by the merchant. As this could have been any number of different possible scenarios. He would have been aware that his cancellation notice was sent to a do not reply email address. Whilst he contends that this was not clear to him at the time, it couldn't be relied upon as evidence of cancellation. If he'd been willing to provide further evidence Monzo said it would represent the matter. At that stage it could have advised as to how it would be pursued.

It's important to note that the failure of the chargeback at first instance was not a decision of Monzo's, but I think that it acted fairly and reasonably in the way it dealt with the matter.

*closure of account*

Mr P chose to close his account with Monzo. It was made clear to him that as he had decided not to pursue the chargeback any further the refunded fees would go back to W. I don't think this was unfair. And as Monzo was not responsible for the disputed payment, I don't think it's unreasonable for it to pursue the overdrawn balance from Mr P.

**My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 October 2025.

Ray Lawley  
**Ombudsman**