

## **The complaint**

Mr A is unhappy with how Monzo Bank Ltd handled a chargeback dispute relating to a transaction on his account.

## **What happened**

The parties are familiar with the background of this complaint, so I will summarise it here which reflects my informal remit.

In April 2025, Mr A purchased two items for £64 from an online retailer, who I will refer to as “B” using his Monzo debit card. When the goods arrived, Mr A said they were damaged and not as described. B’s return policy required him to return the items at his own expense to either an address in Asia or Europe. Mr A believed the cost of returning the items was unreasonable, as it would be equivalent to the value of the items. Unable to resolve the issue directly with B, he contacted Monzo for help.

Monzo raised a chargeback and issued a temporary credit for the disputed amount on 25 April 2025. B defended the chargeback, claiming one item had been damaged by Mr A during installation. It said Mr A had mentioned only wanting to return that item, so it was unsure why both items were being disputed. B also said it had offered Mr A a 20% refund without the need to return the items, or a full refund if they were returned.

On 30 June Monzo informed Mr A that the merchant had rejected the chargeback, stating that the items hadn’t been returned. Monzo asked Mr A to provide evidence that the items were returned and that he’d attempted to resolve this with B. It advised that the deadline for submitting this evidence was 7 July 2025, after which the dispute would be closed and the temporary credit removed.

Mr A replied that B wanted him to do a tracked return to the country in Asia, at his own cost which he felt was unreasonable. He reiterated that the items were received damaged and said that if Monzo cancelled the dispute he wouldn’t be returning the funds.

Monzo responded that B had offered two return locations, and that Mr A had indicated that he would return the items to the address in Europe as it was cheaper. As the required evidence hadn’t been provided, Monzo confirmed the dispute could not be taken any further and would be closed, and the temporary refund would be reversed within 14 days.

Mr A sent the items back at the beginning of July 2025. On 9 July 2025, B told Mr A that it had tried to process a refund but couldn’t do so while the chargeback remained open. It advised Mr A to show this message to Monzo to confirm that it accepted the dispute. Mr A provided this information to Monzo on 9 July 2025, but Monzo explained that it was unable to re-submit this new evidence, as the chargeback process had already ended.

Mr A argued that Monzo should have re-opened or escalated the chargeback, as B had accepted the dispute. Monzo declined, reiterating that once the second presentment was accepted, the chargeback process ended and couldn’t be re-opened or re-raised.

On 14 July 2025 Monzo took the temporary credit back. Mr A made a formal complaint on 22 July 2025, alleging Monzo had mis-handled his chargeback claim by refusing to escalate it under Mastercard's pre-arbitration rules.

Monzo issued its final response on 25 July 2025. It explained that once the merchant defended the chargeback, and Mr A confirmed the goods hadn't been returned, it had to accept the second presentment. Although, Mr A later provided additional evidence, the chargeback process had already ended, so Monzo was unable to re-open or continue pursuing the claim. Monzo also clarified that Mastercard doesn't close cases before the 45-day period expires, which may explain why the dispute still appeared open on the merchant's side, even though it was accepted and closed from its side. While Monzo believed its communication had been reasonable, it offered Mr A £64.00 - the value of the disputed transaction - as a gesture of goodwill.

Unhappy with the outcome, Mr A referred his complaint to the Financial Ombudsman Service. One of our investigator's reviewed the case and thought Monzo's handling of the chargeback was reasonable in the circumstances, so didn't recommend that it needed to do anything further.

Mr A disagreed. In summary he argued that:

- Monzo hadn't acted fairly, diligently, or in accordance with the FCA's DISP rules or Mastercard's chargeback rules.
- Monzo failed to warn him that not returning the goods would result in the dispute being closed and his right to arbitration being lost.
- Delays in Monzo's in-app chat responses prevented him from submitting evidence before the deadline.
- Monzo had accepted the second presentment prematurely, which prevented his later evidence from being considered.
- Monzo's handling of the chargeback, caused him significant distress, anxiety and a loss of trust.
- Monzo's offer of £64 covered the disputed amount and did not adequately reflect the non-financial impact of its errors.

As Mr A remains unhappy with the investigator's view, the complaint has been passed to me for a final decision.

### **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've given consideration to the relevant rules and regulations applicable to this complaint. Whilst I've read and considered everything Mr A and Monzo have provided, if I don't mention any specific point, it's not because I have failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role in resolving disputes with minimum formality.

In this decision, I want to make clear that I am not considering the actions of the retailer, B, but whether Monzo acted fairly and reasonably in how it handled Mr A's request for help in recovering his money.

As Mr A paid using a debit card, his only potential route to obtain a refund through Monzo was via the chargeback process. Mr A has referred to the Consumer Rights Act 2015 and

while this may be relevant to the contract between Mr A and the retailer, B, they do not create any obligations on Monzo. If Mr A had paid with a credit card, Section 75 of the Consumer Credit Act 1974 would have made Monzo jointly liable with the retailer, and that could have then been considered. But as he paid with a debit card, Monzo's obligations were limited to solely considering the chargeback process.

A chargeback is a process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme - in this case, Mastercard. It allows customers to ask for a transaction to be refunded in certain circumstances. It's not an automatic right, doesn't give consumers legal rights, and is not a guaranteed method of getting a refund, as chargebacks may be defended by merchants.

Chargebacks are also decided based on the card scheme's rules and not the relative merits of the cardholder/merchant dispute. While it's good practice for a card issuer to attempt a chargeback where certain conditions are met and there's a reasonable prospect of success, there are dispute conditions set by the relevant card scheme that need to be considered. If these are not met, a chargeback is unlikely to succeed. Importantly, something going wrong with a merchant won't always lead to a successful claim.

Here, Monzo raised a chargeback under what I consider to be an appropriate reason code - goods or services not as described or defective - in support of Mr A's claim.

B defended the chargeback on the basis that Mr A hadn't returned the items. Once this defence was received, Monzo had two options - to pursue the chargeback further by providing further evidence to challenge B's defence, or to close the claim if it considered there wasn't a reasonable prospect of success based on the information available.

On 30 June 2025, Monzo informed Mr A that B had defended the claim and explained what further evidence was needed for the chargeback to continue - specifically evidence showing that the items had been returned and evidence of his attempts to resolve the matter directly with B. I consider this to have been a fair and reasonable request and in line with the Mastercard requirements for disputes relating to goods or services not as described or defective.

Mr A has however said that Monzo should've explained better the importance of returning the items. However, I am satisfied that he was already aware of this requirement. Prior to the chargeback being raised, in his communications with B, it had clearly informed him that the goods needed to be returned before a refund could be issued. And when Monzo shared B's defence and requested evidence of the items being returned, I think it made Mr A reasonably aware that this was required for the claim to continue. I therefore don't consider that Monzo acted unfair or unreasonably in this regard.

Monzo also clearly advised that if the requested information was not provided by 7 July 2025, the dispute would be closed and the temporary credit reversed. At that time, Mr A did not indicate that he needed more time or that he intended to submit further evidence. Instead, he replied that returning the goods would be uneconomical and said if Monzo cancelled the dispute, he wouldn't be returning the temporary credit.

In these circumstances, I consider that it was reasonable for Monzo to conclude that no further evidence would be forthcoming and to close the dispute.

I understand that Mr A later returned the items, and that B subsequently confirmed it was willing to accept the dispute and issue a refund. Mr A told Monzo about this on 9 July 2025, and he believes Monzo should've kept the claim open longer to allow this information to be considered.

However, even if Monzo had kept the claim open until its original deadline of 7 July, the new information was provided two days later, on 9 July. By then the chargeback claim had already been closed and under Mastercard's rules, once the second presentment is accepted, the claim cannot be re-opened or re-raised. While Mastercard can allow further time between a second presentment and arbitration, this only applies where the issuer has not yet accepted the second presentment. In other words, once Monzo accepted and closed the claim, it had no ability under the scheme rules to take any further action on that dispute. And so, I am satisfied that Monzo's decision not to re-open or escalate the case was fair and in line with Mastercard's chargeback rules.

Mr A also raised concerns about Monzo's compliance with the FCA's DISP rules. However, these provisions (DISP 1.4.1R–1.4.4R) relate to how firms handle complaints, not how they process chargebacks. Based on the available evidence, I'm satisfied that Monzo handled Mr A's complaint in line with these requirements.

I have also considered Mr A's comments about delays in Monzo's in-app chat. I understand these delays may have been frustrating. However, the evidence shows Monzo's responses were generally made on the day, or often within days of him messaging, which I consider was a reasonable timeframe given that its in-app messaging system was not a live chat. I'm therefore satisfied that Monzo communicated fairly and reasonably, and any delays Mr A experienced didn't prevent him from providing the requested information before the deadline.

I acknowledge Mr A's personal circumstances, and I am sorry to hear how this situation has affected him. It is understandable that receiving disappointing news about the dispute may have worsened his symptoms. However, based on the evidence available, I find that Monzo acted fairly, reasonably, and in line with Mastercard's chargeback rules. It correctly closed the claim when no further evidence was provided before the deadline, and once the second presentment was accepted, it no longer had the ability to take any further action.

Even if I were to find that Monzo had handled the chargeback incorrectly (which I don't), I would have asked it to refund the disputed £64. As Monzo has already done this, and Mr A also received £62 from B, he is in a better position financially than he would have been had the chargeback succeeded.

Given that I have not found any reasonable failings in Monzo's handling of the chargeback, or his subsequent complaint, I consider Monzo's £64 goodwill payment to be more than fair. I will therefore not be asking Monzo to make any further payments or take any additional steps.

I appreciate Mr A is likely to be disappointed with the outcome of this decision, but Mr A is of course, under no obligation to accept this decision. If he remains dissatisfied, he may wish to seek independent legal advice and pursue the matter through a formal channel such as the courts.

### **My final decision**

I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 November 2025.

Farhana Akhtar  
**Ombudsman**