

The complaint

Mr P's complaint relates to an account he has with Monzo Bank Ltd. He is unhappy with the service he received when there was a delay in money being returned to his account by a merchant.

What happened

Mr P made a faster payment to a merchant on 28 April 2025 for around £120 – the money left his account the same day. Mr P then decided he wanted to change his order with the merchant and cancelled the original one. He was told the merchant would refund the original payment, but it could not at that time locate the original transaction and this delayed the refund.

Mr P contacted Monzo on 16 May 2025 as he hadn't had the refund he was expecting. Unfortunately, Monzo misunderstood the situation initially and believed that the refund had been made by the merchant, but it had not been received by Mr P – that it was missing in transit, rather than that it had not been made. Monzo asked him to provide information to help it trace the refund. Mr P clarified the situation, but he wasn't given the information he should have been. He raised a complaint about the service he'd received.

The refund was received into Mr P's account on 28 May 2025.

Monzo responded to the complaint in an emailed letter of 29 May 2025. It apologised for the mixed messages it had given, and any frustration Mr P had been caused. However, it explained that as a refund had not been issued by the merchant, the issue Mr P wanted help with fell outside of the scope of what it could help with.

Mr P was not satisfied with Monzo's response and referred the complaint to this Service. When we informed Monzo that the complaint had been referred to us, it made a pro-active offer of £50 to compensate Mr P for the poor service he had received.

One of our Investigators considered the complaint. He concluded the £50 compensation Monzo offered Mr P was fair in the circumstances, and he didn't recommend that it be upheld. Mr P didn't accept the Investigator's conclusions and asked that the complaint be escalated to an Ombudsman. He said that the £50 did not adequately reflect the distress, inconvenience and time wasted in chasing the matter. Mr P added that the error made by Monzo resulted in him contacting the merchant repeatedly and experiencing prolonged uncertainty over missing funds.

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 note that Mr P has received the refund that he was concerned about, so he has not suffered a financial loss. I also don't need to consider whether Monzo did anything wrong in its handling of Mr P's request for assistance, as it has admitted that it didn't provide the

service he should reasonably have expected. As such, what I need to consider is whether the compensation Monzo has offered Mr P is sufficient to compensate him for the upset and inconvenience he suffered due to Monzo's mistake.

I would firstly comment that we can't hold Monzo responsible for the upset and inconvenience Mr P suffered because of the delay in the merchant refunding his money – that is solely the fault of the merchant. It follows that, having considered Mr P's comments about the impact the situation had on him, I am satisfied that the merchant was responsible for the majority of the upset and inconvenience he suffered. Nor can I consider compensation for the fact that Monzo could not actually help him in relation to obtaining a refund. What I can ask Monzo to compensate Mr P for is the additional upset and inconvenience he suffered because of its mistake. I accept it not understanding the situation and it repeatedly asking for information that didn't exist would have been frustrating for Mr P. However, I am satisfied the £50 that has been offered is appropriate and proportionate in the circumstances.

My final decision

Monzo Bank Ltd has already made an offer to pay Mr P £50 to settle the complaint, and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Monzo Bank Ltd should pay £50 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr P to accept or reject my decision before 5 January 2026.

Derry Baxter
Ombudsman