

The complaint

Mr M complains that Monzo Bank Ltd (Monzo) has treated him unfairly about transactions made on his debit card for simulated trading accounts.

What happened

Mr M purchased a simulated trading account from a merchant who I'll call T. The payment was made using Mrs M's bank card. T got in touch with Mr M to ask why the name on the account did not match the name on the trading platform and Mr M explained this was because his wife had bought him the trading account as a gift. T asked Mr M for his and Mrs M's identification (ID) and a picture of Mr M holding both ID's which Mr M provided. The name was changed on the account to Mr M's and account activity resumed.

Mr M then purchased a further four trading accounts from T using his Monzo debit card. He paid £363.86 on 14 May 2025, £361.36 on 19 May 2025, £361.36 on 20 May 2025 and £359.14 on 21 May 2025. The total cost of the transactions was £1,445.72. T then said it required further documents from him to verify his identity. It asked for a copy of his wedding certificate and a picture from his wedding. T also blocked Mr M's ability to access his accounts pending receipt of the additional documents requested.

Mr M suspected fraud but also felt this was an unreasonable request. He said as much to T and asked to come to an agreement, or in the alternative, asked for a refund of the cost of the four additional accounts purchased. T refused to provide assistance.

Mr M then brought payment disputes to Monzo for the four transactions. He said he wanted chargeback disputes raised for services not having been provided. Monzo originally said under the scheme rules, the service is provided once the funds reach the merchant so Mr M would have to wait. Mr M continued to pursue his disputes and so Monzo said it could only raise chargeback disputes on investment or gambling disputes if the funds didn't credit the account. It also said it could not raise a dispute for services not provided because the merchant has supplied the service and the issue seems to be Mr M's unwillingness to provide requested documentation. Monzo advised Mr M to provide the documentation to T to resolve the issue.

Mr M brought his complaint to our service. He said the chargeback disputes should have been raised under goods and services not provided. He also raised concerns about the service received from Monzo during the handling of his disputes. He asked for the £1,445.72 paid to be returned to him, or for the chargeback disputes to be raised, and he also requested compensation for the distress and inconvenience caused to him.

Our investigator reviewed the complaint and said he could not agree that the service was not received by Mr M. The merchant was willing to provide the service if the requested documentation was supplied. So, he didn't think disputes under goods and services not provided would succeed. Monzo had offered a total of £75 in compensation for errors made during the handling of Mr M's claim and our investigator thought this was reasonable.

Mr M disagreed and asked for an Ombudsman to consider his complaint. He said he should

have been able to raise a chargeback under reason code goods or services not provided, post purchase conditions or specific terms of a transaction. Monzo initially misclassified the transactions as gambling/investment, provided him with incorrect information, delayed his complaint and failed to submit chargeback disputes on his behalf. So, the complaint has now been passed 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.

I would like to start by saying that I have provided a brief summary of the events that occurred above. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

In this particular case, the relevant card scheme is Mastercard. I've reviewed the potential reason codes under which the situation Mr M describes could be considered. Having done so, it seems the most likely is goods or services not provided. However, the conditions of raising a dispute under this code requires the cardholder to have engaged in the transaction, and the purchased goods or services to not have been received.

Having reviewed the information available, I find it difficult to agree the services were not received and these criteria have been met. I say this because Mr M has been granted the accounts for which he has paid. Rather the issue is that he has been denied access temporarily whilst he fulfils T's identification requirements. In these circumstances, I find it unlikely that a dispute raised under this reason code would be successful. Mr M says this reason code applies if the service is made conditional on unreasonable post-payment requirements however, I cannot see any suggestion within the rules themselves that this is the case. What can be construed as an unreasonable post-payment request is also a subjective matter that the chargeback rules do not provide much scope to answer. Overall, this means that I do not find that Monzo treated Mr M unfairly by failing to raise a chargeback dispute under this reason code.

Mr M has mentioned post-purchase conditions and specific terms of a transaction. To be clear, neither of these are valid reason codes as per the Mastercard rules. The first is a broad term which refers to chargeback reason codes that might apply in situations where a customer had made a purchase and subsequently faces issues. Examples of these might be that the goods or services not having been provided, the goods or services not being as described or defective, or issues with a recurring transaction. The most relevant of these on this complaint is goods or service not received which has been covered above. The second is a rule contained within Mastercard's transaction processing guides and therefore not relevant for the purposes of determining whether a successful chargeback could be raised based on the particular situation Mr M was in.

Mr M has mentioned he may have cause to raise a dispute under goods or services not as described, but I do not agree. He purchased a simulated trading platform and the description of the trading platform – how to use it and what it entails - would be the description that is most relevant. I find it unlikely a dispute under this reason code would be successful.

Mr M has asked that we point him to the specific rules that excludes his ability to bring disputes for the issue he has described. Unfortunately, chargebacks do not work like that. It is not the case that unless the disputed transaction is excluded, Monzo would have to raise the dispute. Rather, Monzo needs to review the information/evidence against the rules and should raise disputes for claims with higher prospects of success. Monzo is not required to raise disputes for claims with low prospects of success as is the case here as there isn't a reason code that comfortably fits Mr M's situation.

I note that more recently Mr M has raised the disputes again with Monzo following the provision of his marriage certificate to T (but not the wedding photo). I cannot see that Mr M has raised a complaint about what happened on this later dispute directly to Monzo and so I cannot comment on it, although I do note that the circumstances remain largely the same as this complaint even if a further complaint were pursued.

The last matter for me to consider is that of customer service. Mr M has complained about the delays in the handling of his complaint. I can see that despite Monzo not issuing a final response letter within the required timeframe, it did let Mr M know its response was delayed and provided referral rights to our service which it was required to do if it could not complete its review in time. So, I find that Monzo acted fairly on this matter.

Mr M has also complained about the misclassification of his dispute as for gambling/investments and Monzo having incorrectly stated that a chargeback is not possible once the funds have reached the merchant. For errors made during the course of the dispute, Monzo has offered an additional £50 on top of the £25 already offered in the final response letter. Having considered the dispute history, timeline and information given to Mr M I find this to be reasonable. I am therefore recommending that Monzo pay Mr M £75 (less any funds already paid) for the distress and inconvenience caused to Mr M.

My final decision

My final decision is that I partially uphold the complaint and direct Monzo Bank Ltd to pay Mr M £75, less any funds already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 October 2025.

Vanisha Patel
Ombudsman