

The complaint

Mr A complains about how Monzo Bank Ltd handled his disputed transaction claims. He thinks Monzo should return funds he's been unable to claim back from a merchant and wants an increased level of compensation from Monzo for the distress and inconvenience he says its poor handling of the disputed transaction claims have caused him.

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.

The background to this complaint is familiar to both parties – and has been set out in detail by our Investigator - and so I'll only refer to some key events here.

In doing so I'm aware that I've summarised this complaint and the relevant submissions briefly, in much less detail than has been provided, and in my own words. No discourtesy is intended by this.

Therefore, if there's something I've not mentioned it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of the Financial Ombudsman as a free alternative to the courts.

My role is to consider the evidence presented by the parties to this complaint, and reach an impartial, fair and reasonable decision, based on what I find to be the facts of the case.

Having done so, I've reached the same outcome as our Investigator and for largely the same reasons. I'll explain why.

Mr A raised multiple disputed transactions and requests for chargebacks with Monzo. I'll refer to the merchants here as 'M', 'P' and 'R'. It's worth saying that my decision is looking *only* at the actions of Monzo in relation to the disputes Mr A raised about the merchants, and I won't be commenting on Mr A's underlying and ongoing disputes with the merchants.

As our Investigator has pointed out, Monzo didn't supply the goods/services Mr A is disputing, so when deciding what's fair and reasonable here, I'm only considering Monzo's actions as the provider of financial services.

Mr A got a partial refund from 'M' – and raised a dispute with Monzo for the remaining amount (£152.01). Monzo raised a chargeback claim with 'M' which it defended. Mr A thinks Monzo should've contested this with 'M' and taken the claim to the arbitration stage.

Our Investigator didn't agree. In short, she said that from looking at the available evidence from 'M' in defence of Mr A's chargeback claim, further consideration of the claim by Monzo would've likely had little prospect of success. Mr A disagreed. He said he'd never been able to use the service he paid 'M' for due to technical issues and so should've received a full refund.

It might help if I explain here that a chargeback isn't guaranteed to result in a refund. There needs to be a right to a chargeback under the scheme rules and under those rules, the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request,

as 'M' did here. There are also costs involved for the losing party when raising a chargeback and escalating it via the arbitration stage.

I appreciate that Mr A thinks Monzo should've done more to try and recover the disputed funds. But I'd only expect it to pursue a chargeback claim if it was likely to be successful, particularly given there would be costs involved for Monzo. Based on the available evidence, 'M' was, in my opinion, able to reasonably defend its position to Monzo. And so, it doesn't look likely that further escalation by Monzo via the arbitration process would've likely been successful.

In relation to the dispute about the payment Mr A made to 'P' – this was fully recovered by way of a successful chargeback claim. But Mr A was unhappy with how long this process took.

Our Investigator found that Monzo had raised the chargeback in a reasonable time frame, giving 'P' the chance to defend the claim by the stated deadline. When no defence was received by 'P', the claim succeeded and the funds refunded to Mr A.

As our Investigator explained to Mr A, the 45-day time limit for 'P' to defend the chargeback claim is stipulated by the card scheme rules, which Monzo must adhere to. So, I can't say any action by Monzo resulted in a delay in processing this claim. Mr A didn't provide any comments or further evidence in dispute of our Investigator's findings here.

In relation to the dispute claim against 'R', I can see that it issued a partial refund on 29 February 2024, and that Monzo refunded the outstanding balance (£36.04) on 9 December 2024. Mr A is very unhappy about how Monzo handled this dispute. He said he went to great lengths in chasing Monzo for a resolution to the outstanding payment, causing him both distress and inconvenience that he says Monzo should compensate him for.

Monzo accepted it had made a mistake. It said that it closed the dispute in error because it wrongly thought 'R' had refunded Mr A in full (rather than a partial refund). Because of this oversight, Monzo agreed to refund Mr A the outstanding £36.04 and paid him £75 for the distress and inconvenience caused.

But Monzo has maintained that if no error had occurred and the £36.04 loss had still been outstanding, it *wouldn't* have raised a chargeback with 'R' due to a lack of supporting evidence of a claim being likely to succeed.

Our Investigator looked at the supporting evidence and thought Monzo's view that a chargeback claim for the outstanding balance would've likely been defended was reasonable. Therefore, she concluded that in essence, if Monzo hadn't made a mistake, it was unlikely Mr A would've got the outstanding funds returned to him. So essentially, Mr A was in a better situation financially than he would've been if Monzo hadn't made a mistake.

And in terms of the £75 compensation, our Investigator thought this was a fair offer. She said if Monzo hadn't incorrectly told Mr A that 'R' had refunded him in full, then he would've more likely than not have maintained contact with Monzo to try and recover the funds via the chargeback process – probably causing the same or similar level of distress and inconvenience caused as a direct result of Monzo's mistake. And so, because of that, she maintained £75 was a fair offer.

Mr A initially said he wanted £900 from Monzo but didn't provide any comments or further evidence in dispute of our Investigator's findings here.

Looking at the overall service Mr A received from Monzo, I don't think there are any reasonable grounds for it to make a further compensation award. I've considered all the communication between Mr A and Monzo about all disputes, which includes several telephone calls. Mr A is clearly frustrated by the dispute process and has spent a lot of time pursuing matters, which undoubtedly would've caused him a level of distress and inconvenience. But I must look at how much of that was because of failings by Monzo.

I've already outlined why I think Monzo took reasonable action in terms of the disputes about 'M' and 'P'. And from what I can see, the only time Monzo provided Mr A with wrong or misleading information was when it said the payment to 'R' had been refunded in full. Mr A was quick to correct Monzo, who accepted what he said and apologised – as well as honouring the refund by paying the £36.04. I think Monzo's actions here in putting things right are fair.

And given the number of disputes being considered and the amount of times Mr A spoke to Monzo, I think, on balance, Monzo provided Mr A with a reasonable level of service. Monzo helped Mr A through the process, and I believe demonstrated an understanding of how frustrating he was finding the situation he was in.

Taking all that into account, I think the £75 Monzo paid Mr A was fair, and in line with what I'd have awarded if Monzo hadn't already done so.

On a final point, Mr A was concerned that Monzo closed his account. This is a business decision which Monzo is entitled to make and was done so in line with the relevant terms and conditions.

Having fully considered Mr A's complaint, I won't be directing Monzo to take any further action. This is a difficult message for me to give as I know how strongly Mr A feels about this matter, but given the evidence I have, I'm unable to reasonably reach any other conclusion.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision **before 12 March 2026**.

Anna Jackson
Ombudsman