

The complaint

Miss H and Mr M complain Monzo Bank Ltd (“Monzo”) acted unfairly by not refunding payments they made using their debit card.

What happened

Miss H and Mr M booked a packaged holiday via an online booking platform (“the booking platform”) for themselves and their young baby. They paid a total of £4,254.30 for the package holiday, making instalments using different debit cards. One of these instalments was made on 15 April 2025, for £1,500 through Miss H and Mr M’s joint Monzo debit card. The package holiday included ten nights in a hotel (“the hotel”) from 6 May 2025 to 16 May 2025.

When Miss H and Mr M arrived at the hotel, they noted the room was smaller than they expected, and there was the smell of sewage in the room. Miss H complained to the booking platform about the hotel, and the booking platform later awarded £232.56 as a resolution.

Miss H was unhappy with this award, and raised a chargeback claim with Monzo for the £1,500 payment. Based on the evidence Monzo received, it chose not to attempt a chargeback claim.

Unhappy with this response, Miss H and Mr M brought their complaint to the Financial Ombudsman. Our investigator didn’t uphold Miss H and Mr M’s complaint, and as Miss H and Mr M didn’t agree with the investigator’s view, it has been passed to me for a 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.

In responding to the investigator’s view, Miss H and Mr M have pointed to the fact that one of the transactions they made towards the holiday, was using another debit card from a third party bank (“the third party bank”). When Miss H raised a dispute with the third party bank, it issued a refund of £165.35 to Miss H. Miss H and Mr M feel that because they were awarded a refund from the third party bank, it follows that Monzo should have also been able to refund them the amount as well. Whilst I appreciate the point being made here, in deciding this complaint I need to consider it on its own merits, rather than commenting on how another business has investigated something. This is because there may have been slightly different circumstances at play, with regards to the relevant rules, or different evidence may have been presented to the third party bank. So, whilst I do need to consider that fact that a portion of the cost of the holiday has already been refunded back to Miss H and Mr M, I will only be commenting on Monzo’s actions in this decision.

Another point Miss H and Mr M raised in response to our investigator’s view, was that Monzo informed them to take their complaint to the Financial Ombudsman, and so Miss H and Mr M felt this indicated they had valid grounds for a successful claim to be made. It’s important to note here, that because Miss H and Mr M complained to Monzo about what had happened,

in responding to that complaint Monzo had an obligation to provide referral rights to the Financial Ombudsman. This is not information that Monzo can opt out of providing to a consumer. So regardless of the merits of a complaint, Monzo would have always had to inform Miss H and Mr M of their right to bring their complaint to the Financial Ombudsman, following a complaint being made. So I don't think this makes a difference here.

It is important to note here that Monzo is not the supplier of the services. Therefore, when I consider if it has acted fairly, I am looking at its role as a provider of financial services only. In that regard, the chargeback scheme is particularly relevant here.

Chargeback

Chargebacks are subject to the rules set out by the relevant card scheme whose logo appears on the card, which in this case was Mastercard. The card schemes are not within the jurisdiction of the Financial Ombudsman and we are unable to require them to run their chargeback schemes in a particular way. However, we can consider whether a card issuer has applied the rules correctly and conducted the chargeback process in a fair and reasonable manner.

Chargebacks are not guaranteed to succeed, the recipient of the funds can choose to challenge or defend a chargeback if they don't think it is valid. A consumer also cannot require their card issuer to attempt a chargeback, as it isn't a right. But I would expect it to attempt one, as a matter of good practice, if there was a reasonable prospect of succeeding, and to do so would be compliant with the rules of the card scheme.

Monzo has said it choose not to attempt a chargeback because Miss H and Mr M stayed at the hotel for the duration of their booking. There's no dispute that Miss H and Mr M stayed at the hotel for the ten nights that they had paid for. However, there is no specific Mastercard rule which says a chargeback cannot be attempted when the accommodation was used for the agreed period. So, whilst this is an important piece of information to consider, I'm not persuaded that Monzo could have fairly relied solely on this fact in choosing not to process a chargeback. I've therefore considered whether it made a difference here.

Miss H and Mr M are complaining that the services at the hotel were not as described, due to the room they stayed in being smaller than was advertised, and that the room was unsuitable or defective, due to there being a strong smell of sewage within the room.

Looking at the rules under which Monzo could have attempted a chargeback, given what Miss H and Mr M have said here, it seems the most suitable reason code here would have been *"Goods or Service were either not as described or defective"*.

Here, Miss H and Mr M have stated that upon arrival at their room in the hotel, they notified reception of their concerns about the room size and the smell, but were not offered any assistance until the final night of their stay at the hotel when an alternate room was offered. The booking platform spoke to the hotel about Miss H and Mr M's concerns, and the hotel stated there was no record of any complaints made during Miss H and Mr M's stay about the size of the room or the smell. Whether the hotel was informed of the problems at the earliest opportunity is important, in order to allow a service provider the chance to rectify the potential issue. So there is a discrepancy here, in terms of whether Miss H and Mr M raised their concerns to the hotel, during their stay, or not.

I can understand Miss H and Mr M's position, but given the lack of supporting evidence showing they raised these concerns with the hotel at the time, Monzo would have faced evidential challenges here. However, even if there was sufficient evidence for Monzo to conclude that Miss H and Mr M raised their concerns with the hotel during their stay, I still

don't think there was a reasonable chance of a successful claim being made here in any event for the following reasons.

I've considered Miss H and Mr M's specific concerns around the size of the room and the smell. In terms of the room size, I've looked at how the room was advertised by the booking platform, and the photo Miss H and Mr M provided to Monzo showing the room they actually received. On the advertisement the room is described as "*Superior Double or Twin Room with Balcony*", but there are no specific measurements or dimensions listed in the advertisement. So whilst it is clear that a double or twin room should have been provided here, it is difficult to say the room needed to be a specific size or dimension. Having compared the photo provided by Miss H and Mr M, I appreciate that it does look different to what is shown on the website, but as it appears from the photo that Miss H and Mr M did receive a double room, I think, based on the evidence Monzo had, it would have been reasonable for Monzo to conclude that there was no issue of the room not being as described here.

Turning to Miss H and Mr M's concerns around the smell they experienced in the room. Miss H and Mr M have described this as a sewage smell, and have explained that as a result of this, Miss H, Mr M and their young baby all fell sick, requiring a visit to a local pharmacy during their holiday to get medication from a doctor. I'm sorry to hear of Miss H and Mr M's experience here, and can understand their frustration. The issue with the smell is a relatively subjective and inherently difficult issue to investigate, as it's not possible to evidence the degree or severity of a smell in situations like these. Due to this, I think it would have been difficult for Monzo to conclude that there was an issue with the room being defective, based on the evidence provided, so I don't think it was unfair Monzo didn't raise one.

However, even if I'm wrong about that, the Mastercard rules say for a successful chargeback for a service not being as described or defective, evidence is needed that:

"The merchant refused to adjust the price..."

In bringing the complaint, Miss H and Mr M have only raised concerns about their stay in the hotel, so there's no indication that Miss H and Mr M had any concerns about the other portions of the package holiday, such as the flights, or transfer. So I'm satisfied that the only element of the £4,254.30 package holiday that is in dispute here, is the £2,325.63 portion for the hotel stay.

Here Miss H and Mr M received a partial refund for their hotel stay from the booking platform of £232.56, which represented around 10% of the value of the hotel portion of the package holiday. So, whilst I appreciate Miss H and Mr M disagree with the level of the refund offered here, it's clear the merchant has adjusted the price in response to the concerns that have been raised. So Monzo may have had concerns that, even if the evidence stacked up, the chargeback may have been on the back foot to start with based on what the rules say.

I've thought about whether Monzo would have considered this refund represented a reasonable award in the circumstances, and having done so I'm satisfied it would have done. I say this because Miss H and Mr M made use of the hotel for the full ten nights it was booked for, so in this case there has been no unused portion of the stay, that was paid for but not used. This on its own could potentially have been a defence, as the services were supplied to Miss H and Mr M.

Additionally, it's important to consider what Miss H and Mr M were paying for within the £2,325.63 charge for the hotel. This charge included more than just the cost to provide a hotel room, and also included access to the facilities provided by the hotel such as pools, as well as the fully inclusive element that was provided during the stay. I note there hasn't been any concerns raised with the other facilities offered by the hotel in this instance, so the

concerns raised by Miss H and Mr M regarding their room, would have represented only a portion of the amount they paid for the hotel. Taking all this into account, whilst I appreciate the strength of feeling Miss H and Mr M have regarding their experience at the hotel, Monzo were fair to think the refund Miss H and Mr M received from the booking platform was a reasonable reduction of the price, based on the evidence provided. So I don't think had Monzo pursued a chargeback it would have been successful in any case.

In any event, Monzo would have also had to consider the fact that Miss H and Mr M have additionally received £165.35 from their third party bank in relation to this holiday, which would also have to be taken into account here.

Finally, I note that Miss H and Mr M have raised concerns that they were promised a full refund from the merchant which didn't materialise, so I've also considered whether Monzo could have reasonably raised a chargeback in relation to this. It seems the most suitable reason code here would have been "*credit not processed*". The Mastercard rules state that evidence for this would include "*the merchant agreed to provide a refund and failed to process that refund*". I've looked at the email which outlines the refund, and I note that whilst it does indicate a refund of "*the amount*" would be given, it doesn't define exactly how much this refund would be. So since a refund of £232.56 was provided, it would have been reasonable for Monzo to think there wasn't enough evidence to pursue a chargeback on this basis either.

Taking everything into account, I don't think Miss H and Mr M have lost out as a result of Monzo not pursuing a chargeback, as had it done so, I think it's unlikely to have been successful. As such, I won't be asking Monzo to take any action here.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr M to accept or reject my decision before 1 January 2026.

Jonathan Wistow
Ombudsman