

## The complaint

Mr P complains that Monzo Bank Ltd hasn't refunded him for an item he purchased using his debit card, that he didn't receive.

## What happened

On 23 February 2025 Mr P made a purchase for some hair products that totalled around £112 using his debit card. He later transferred the transaction to a 'flex' account, which is a type of credit account. He says he didn't receive the parcel containing the items, and so contacted Monzo to get a refund.

Monzo provided Mr P with a temporary refund for the items, but this was later reversed when the merchant defended the claim, stating that the items had been delivered to Mr P.

Mr P says he doesn't think Monzo has handled his claim fairly. He says it hasn't provided him with evidence that led to the rejection of his claim, and it didn't assess or process his claim under Section 75 of the Consumer Credit Act ("Section 75"). He adds that Monzo reversed the temporary refund without giving him the chance to respond to the merchant's claims. In order to put things right, Mr P would like Monzo to provide him with a refund of £112 or compensate him for mishandling the dispute. He also wants to be provided with the evidence from the merchant and explain why his Section 75 claim was rejected.

Mr P complained to Monzo about how his claim had been handled, however Monzo responded to explain that it didn't think it had done anything wrong.

Following this Service's request for information from Monzo, Monzo responded to offer Mr P £50, as it realised that it hadn't answered Mr P's complaint in full, as it hadn't commented on his Section 75 claim, however it still didn't agree it had done anything wrong in terms of not providing Mr P with a refund.

Mr P didn't accept Monzo's offer. And so the Investigator went on to consider the merits of Mr P's complaint. Having done so, the Investigator didn't think Monzo had done anything wrong in the handling of Mr P's chargeback dispute, and they explained why Mr P's claim couldn't be considered under Section 75.

Mr P didn't agree with the Investigator's view, and I have summarised his main points below:

- Monzo didn't provide him with evidence or the merchant's defence, and it didn't allow him time to respond to that defence.
- He didn't authorise for the goods to be left outside his property. He said that he wasn't in at the time the goods were delivered, and they weren't there when he returned home. He didn't sign for the delivery as suggested by the merchant's evidence.
- Mr P refers to the Consumer Rights Act 2015 ("CRA") which says that the risk remains with the merchant until the goods are in the consumer's physical possession. He adds that leaving items unattended on a doorstep doesn't constitute delivery to his possession. Mr P also referred to the MasterCard chargeback rules

which state that a delivery waiver must be signed to absolve the merchant of liability for items not received. He adds that he hasn't signed such waiver.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

### **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.

Having considered all of the evidence available to me I uphold Mr P's complaint. But I will only be requiring Monzo to put things right by paying him the £50 it offered him for some customer service issues he experienced. I appreciate this decision will come as a disappointment to him; however I will explain my reasons for this below.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr P's complaint in less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

I'm sorry to have read of the issues Mr P has had with the merchant. However, as Monzo aren't the supplier of the goods, I can only consider whether it acted fairly and reasonably in light of its role as the finance provider.

In deciding if Monzo has acted fairly and reasonably, I have thought about the ways it could have helped Mr P get a refund for the items he says he didn't receive. In this case, I consider the chargeback process to be relevant.

I note that Mr P has said that he wanted his claim considering under Section 75. Monzo has said that it doesn't apply in this case, because Mr P didn't make the purchase using his flex credit card – he made the purchase using his debit card and then later "flexed" the payment. As I understand it, this simply means that payments made using Mr P's debit card can be transferred to his 'flex' credit facility. I have looked at some information on Monzo's website about this. It isn't entirely clear how a payment using the debit card, that has been flexed would be treated. I say this because under the section on its website titled "*Section 75 Protection and Monzo Flex*", it states "*You get the same purchase protection for any purchases you flex that you'd usually get with Monzo.*" Based on this, it isn't clear to me whether or not a transaction that is flexed, could in fact benefit from protection under Section 75.

But in this case, Mr P's purchase doesn't meet the criteria for a valid Section 75 claim. Section 75 allows consumers who have purchased goods or services using a credit card, to claim against their credit card issuer in respect of any breach of contract or misrepresentation by the supplier of those goods or services, so long as certain conditions are met.

One condition which needs to be met for Section 75 to apply to a transaction is the claim must relate to an item, or service, with a cash price of over £100 and no more than £30,000. In this case, while the total transaction was more than £100, the individual items Mr P purchased were less than £100 – so the purchase Mr P made doesn't fall within the scope

for a Section 75 claim, as the financial limits relate to the price of the individual items and not the transaction amount.

Therefore, even I was to accept that by Mr P flexing the transaction to his credit card account meant he was covered by protections provided under the Consumer Credit Act (for clarity, I'm not making the finding that this is the case here), he still wouldn't be covered under Section 75. That's because the items he purchased don't meet the minimum cash price required for a valid claim.

### Chargeback

The chargeback process provides a way for the card issuer – in this case Monzo – to help a customer claim a full or partial refund of the amount they paid on their card, if certain things go wrong with what they've purchased.

The process is overseen by the card scheme – in this case, MasterCard. Card schemes set out various rules covering things such as what sort of scenarios are eligible for chargeback, the kind of evidence required, and the timescales for a chargeback to be raised.

Generally speaking, it is good practice for a card issuer to attempt a chargeback where the right exists and there's some prospect of success. That said, they're not guaranteed to be successful, and a consumer is not able to demand that their card issuer attempt one. A chargeback can be defended too; the party which received the payment – the merchant – can resist a chargeback attempt. If neither party concedes then, ultimately, the card scheme itself can be asked to rule on the dispute in a process called arbitration.

Monzo raised Mr P's dispute under the chargeback scheme, and I have considered what both parties have said about the chargeback along with the wider evidence about the scheme rules to decide if Monzo acted fairly and reasonably in handling the claim.

I can see Mr P raised the dispute stating that he hadn't received the items from the merchant. Monzo started the chargeback process on this basis.

Monzo received a response from the merchant to support its view that the items Mr P ordered had been delivered. The merchant provided a photo of a parcel which appears to have been taken on Mr P's doorstep, alongside a picture of tracking information to show the delivery person was at Mr P's address.

Upon receipt of the evidence from the merchant, Monzo got in touch with Mr P on 8 May 2025, and it says it provided a copy of the evidence the merchant had sent it. Monzo asked Mr P to get in touch by 15 May 2025. Because it didn't hear back from Mr P, Monzo accepted the evidence provided by the merchant and decided not to continue with Mr P's claim.

I can also see it sent him a message in the app to let him know that it would be removing the temporary credit from his account in 14 days.

Where the merchant defends a claim, it is up to Monzo to decide whether or not to take the dispute further and ultimately on to arbitration to be decided by MasterCard – and it would usually only do this if it thought it had a reasonable prospect of success. I can't know for certain what view MasterCard would have held had the chargeback been taken to arbitration, however, I think on balance, the merchants' arguments and evidence wouldn't have been favoured over Mr P's.

I say this because the merchant's evidence shows the items were delivered to Mr P's address, as I've explained, there's a photo of the parcel on what appears to be on Mr P's doorstep, along with a picture of the tracking information that shows the delivery person was in the location of Mr P's address. The evidence also shows that the parcel was "Received by:" and then Mr P's name, alongside a date and time stamp. It is my view that the evidence points to it being more likely than not that the items Mr P ordered were delivered. There is nothing in the chargeback rules that states delivery can only be confirmed if there is evidence that the items are in the person's possession for it to be considered as delivered. While I have taken on board Mr P's comments in that he wasn't at home at the time it was delivered and so he couldn't have accepted delivery of the items as the evidence suggests, Monzo is required to decide what to do based on the evidence it has seen. And I don't think it was unreasonable that based on the information it had, it took the decision not to proceed to arbitration. Even if Monzo had proceeded to arbitration, for the reasons I've explained here, I find it unlikely that Mr P's claim would have been successful.

I have noted Mr P's comments in relation to the chargeback rules, where they state "*The cardholder signed a waiver absolving the merchant from responsibility when the merchandise is not received*" – Mr P states that he didn't sign a waiver, and so the responsibility is on the merchant for the goods not having been received by him. I have thought carefully about Mr P's point here, but this doesn't change my view on the outcome of his case. I say this because, the section of the rules Mr P refers to, state that a chargeback claim can't be raised in these circumstances. What this means is that if Mr P had signed a waiver, he wouldn't have any chargeback rights. But not having signed a waiver, as I accept Mr P didn't, doesn't necessarily mean that it is up to the merchant to prove that the goods were in Mr P's possession. It just means he has the right to raise a chargeback.

I note that Mr P has referred to the Consumer Rights Act 2015 (CRA), in regard to what this says about goods only being considered as being delivered when they are in the recipient's possession. While this is correct, Monzo is required to strictly follow the chargeback rules. Some elements of the CRA are written into the chargeback rules. But there is nothing in the chargeback rules which states that goods can only be deemed as being delivered once they are in the recipient's possession. Monzo were only required to follow the chargeback rules in this instance, and there was no requirement for it to consider elements of the CRA when coming to its decision. I would have expected it to have done this if Mr P's dispute could have been considered under Section 75, but for the reasons I've already explained, Mr P can't make a Section 75 claim in relation to this transaction.

### *Customer Service*

Mr P has said that Monzo hasn't handled his dispute fairly. Mainly because it didn't show him the evidence provided by the merchant, it didn't give him the opportunity to respond to that evidence, it took back the temporary credit without telling him, and it didn't answer part of his complaint about the Section 75 claim.

Monzo has accepted that it didn't provide Mr P with a response to his complaint about the Section 75 claim. It has agreed to pay him £50 for this, which I find to be fair and reasonable in the circumstances.

In relation to the other points Mr P raised, I don't uphold his concerns here. I can see Monzo provided Mr P with the merchant's evidence on 8 May 2025 and gave him until 15 May 2025 to provide a response. I accept it's possible Mr P didn't see this, but I can't conclude that Monzo didn't reach out to him at the time. And even if Mr P had provided his response to the evidence, I don't think this is likely to have changed the outcome of his chargeback claim for the reasons I've already explained.

I can also see that on 15 May 2025, Monzo contacted Mr P to let it know it would be removing the temporary credit, and it provided him 14 days' notice of this. Again, I'm satisfied that Monzo let Mr P know it would be removing the credit, and it gave him warning of doing so.

### **Putting things right**

Monzo should put things right for Mr P by paying him £50 (if it hasn't done so already) for not responding to his concerns in relation to a Section 75 claim.

### **My final decision**

For the reasons set out above, I uphold Mr P's complaint. Monzo Bank Ltd should put things right for Mr P by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 November 2025.

Sophie Wilkinson  
**Ombudsman**