

## **The complaint**

Miss L has complained about how Monzo Bank Ltd (Monzo) handled a refund claim she made.

## **What happened**

As all parties are familiar with this complaint, I'll only summarise the key background where necessary in my findings below.

## **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.

It's important to note that Monzo aren't the provider of the services here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Miss L paid for this transaction using a Monzo debit card, a chargeback claim could possibly help her. So in deciding what is fair and reasonable I've focused on this.

Miss L used her Monzo debit card to book accommodation with a hotel I shall call 'G', to the sum of £246.20 for a stay from 22 to 26 February 2025. However, she discovered on arrival that the room was not to the standards she had expected. She said the room was outdated and dirty, came with twin beds rather than a double bed. She also had no access to the balcony and the air conditioning wasn't working.

Miss L raised these issues with the hotel and says alternative rooms were offered. She said these rooms were of a lower standard to the one she had booked and so was not a reasonable alternative. As the matter remained unresolved, she brought the complaint to Monzo to consider. Monzo reviewed her chargeback claim but didn't progress it further as they didn't consider there was a reasonable prospect of success in doing so.

## **Chargeback**

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants. A consumer isn't entitled to chargeback by right. But where there are grounds to raise one and it has reasonable grounds for success, it is good practice for one to be raised by the card issuer.

However, a chargeback isn't guaranteed to succeed and is governed by the limitations of the card scheme rules (in this case Mastercard). I've considered the relevant chargeback rules in deciding whether Monzo acted fairly.

The relevant chargeback code here would be 'Goods or Services Were Either Not as Described or Defective'. I've therefore considered the evidence available regarding this chargeback rule and whether Monzo acted fairly when they declined Miss L's claim

*Did Monzo act reasonably in declining the chargeback claim?*

I've considered the relevant Mastercard rules under this code and note that one of the key conditions that has to be met is that:

*- The merchant refused to adjust the price, repair or replace the goods or other things of value, or issue a credit.*

However, in this case the hotel did attempt to address the matter by providing alternative rooms. I appreciate Miss L has said these alternative rooms were of a poorer quality and not comparable but there has not been any further evidence provided to show that this was not appropriate to remedy the situation.

Miss L has said that the air conditioning was not working in her room, the balcony was inaccessible and she had twin beds rather than a double. The alternative rooms may have addressed these issues and I've seen insufficient evidence to show that they would not have done so.

The other key requirement where services are not of a quality expected is that there should be sufficient supporting evidence. In this case Miss L has provided various photographs such as the twin beds and examples of dust on furniture.

I've considered these photographs carefully. While they show that the room may not have presented to a high standard, they don't demonstrate a level of poor quality that would usually amount to a fundamental failure of the service. Cleanliness issues, such as dust, can reasonably be expected to be capable of being put right and don't on their own show that the accommodation was unusable or materially different from what was described.

On balance, I don't think the photographs provide sufficient evidence to show that the service fell so far below what was expected that it would support a chargeback claim under the card scheme rules.

Also, and as mentioned when concerns about accommodation quality are raised during a stay, the chargeback rules state that the provider needs to be given an opportunity to address them. In this case the hotel offered alternative rooms. This was an appropriate and proportionate response to the issues raised and without further evidence to show that this wasn't an appropriate remedy to address the issues raised, I can't say G failed to respond appropriately to Miss L's concerns.

Ultimately, chargeback schemes don't operate as a general quality guarantee. They require strong evidence that the service wasn't provided as described, or that a significant problem arose which the merchant didn't take reasonable steps to resolve.

Taking everything into account, I'm satisfied Monzo didn't do anything wrong in not progressing the chargeback claim further as there wasn't a reasonable prospect of success with mind to the card issuer rules.

I'm also mindful that Miss L has referred to her statutory rights under the Consumer Rights Act 2015 (CRA). These rights govern the contractual relationship between a consumer and the trader who supplied the goods or services. However, a chargeback is not a statutory remedy and does not arise from the CRA. It is a voluntary scheme process operated between the card issuer and the merchant under the relevant card scheme rules. In considering whether Monzo acted fairly in its handling of Miss L's claim, my role is therefore not to determine whether the hotel breached the CRA, but to assess whether Monzo reasonably applied the applicable chargeback rules and whether there was a reasonable prospect of the claim succeeding under those rules.

I also note Miss L has raised concerns about the way Monzo handled her subsequent complaint regarding the claim outcome. There are limits to the types of complaint our Service can consider. These limits are set for us by the FCA and apply to activities that are regulated by them. The FCA's Dispute Resolution (DISP) rules outline what activities fall within this Service's jurisdiction (DISP 2.3). Complaint handling is not one of the activities listed as a regulated activity. Therefore, we cannot consider complaints about the way a business has handled or responded to a complaint.

Miss L has also said that Monzo initially dismissed her chargeback claim and later relied on different reasoning when explaining why the claim wasn't progressed. I've considered this concern carefully.

While I understand why a change in emphasis can be frustrating, I don't think this materially affects the fairness of Monzo's overall decision. That's because, for the reasons I've explained above, there wasn't a reasonable prospect of the chargeback succeeding under the relevant card scheme in any event. So even if Monzo's explanations weren't entirely consistent at each stage, I'm satisfied this didn't result in an unfair outcome for Miss L.

### **My final decision**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 4 February 2026.

Viral Patel  
**Ombudsman**