

## The complaint

Miss G has complained about the way Monzo Bank Ltd dealt with a claim for money back in relation to a purchase she'd made using her debit card.

## What happened

Both parties are familiar with the circumstances of the complaint which I'll briefly summarise here. Miss G said she used her Monzo debit card in February 2024 to pay a merchant I'll call S for laser hair removal. Miss G paid S £520, and she said she'd paid for eight sessions for legs and eight sessions for underarms. She said she'd only had two sessions and then found out that S had ceased trading and entered liquidation.

Monzo looked at the claim in August 2024 but asked Miss G for further information. Miss G said she didn't get this request for further information. She raised the claim again in February 2025 and Monzo declined to take it further, explaining that it was out of time under the rules. Unhappy with this response Miss G made a complaint. Monzo said that it had asked for additional information in order to submit the chargeback. And when it didn't get a response, it closed the claim. It said it declined to process the claim later because it was out of time.

Miss G referred her complaint to our service. Monzo said that it should have told Miss G she was out of time in August 2024, but it asked her for further information.

Our investigator looked into things but didn't uphold the complaint. He said that Miss G hadn't supplied enough information initially, and when she raised the claim again, she was too late.

Miss G didn't agree. In summary she said that she'd raised the dispute within the 120 days from when she became aware that S had ceased trading, and she'd given enough information for Monzo to progress the claim. She thought that Monzo had handled the claim unreasonably.

The complaint was passed to me to make a decision. I've issued a provisional decision which said:

*In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules including Consumer Duty, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.*

*I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters with minimum formality. But I want to assure Miss G and Monzo that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.*

*I also want to say I'm very sorry to hear that Miss G didn't get the services that she paid for. I*

*appreciate it cost a significant sum, and she's been unable to recover that to date.*

*I need to consider whether Monzo – as a provider of financial services – has acted fairly and reasonably in the way it handled Miss G's request for a refund. I have to make the distinction between the financial services provider (Monzo) and the merchant (S) here as we can't look directly at what happened with S. I've gone on to think about the specific card protections that are available. In situations like this, Monzo can consider raising a chargeback.*

*Chargeback allows for a refund of the money paid with a debit card in certain situations, such as when goods or services have been paid for and not received. Chargeback isn't a legal right or a statutory protection which means there isn't an automatic right to get a refund from the card provider. I would expect a card provider to attempt a chargeback if there was a reasonable prospect of success. This is determined by the claim being in line with the rules of the card scheme to which the card belongs.*

*While it's good practice for a card issuer to attempt to chargeback where certain conditions are met and there's some prospect of success; there are grounds or dispute conditions set by the relevant card scheme that need to be considered. If these are not met, a chargeback is unlikely to succeed. And something going wrong with a merchant won't always lead to a successful claim.*

*I've looked at the relevant rules from the card scheme. Although a chargeback wasn't attempted, I think the most relevant chargeback reason here would be "Goods or Services Not Provided". In order for Monzo to raise a chargeback it would have had to do so within the strict timescales laid down by the card scheme. Mastercard's chargeback rules explain that a claim can be raised:*

- In cases involving interruption of ongoing services: Within 120-calendar days of the date the cardholder becomes aware that the service ceased. A chargeback must not be processed after 540-calendar days from the Central Site Business Date of the first presentment.*

*I appreciate that our investigator had his own opinion about the rule, but I think the specific part he's referred to covers delayed goods and services rather than interruption of ongoing services. Miss G completed the dispute form and said that the services weren't available after 25 July 2024. I can see that appears to be the date that S entered liquidation. Miss G submitted her first claim on 16 August 2024. So as a starting point she had made her claim in line with the time limits specified in this rule.*

*But Monzo asked for further information. It said it couldn't create a dispute and asked her to fill out the form again. It also asked for:*

*"Dated evidence showing when the merchant had gone into bankruptcy/administration. Full and dated merchant correspondence regarding this matter whether responded to or not, showing the sender and recipient details. Screenshots or images that show a clear description of a cost breakdown what you bought and how much you paid – evidence that the merchant's agreed to a refund alongside the amount to refund."*

*I've looked at the chargeback rule, and it says under supporting documentation what was needed:*

*"A description of the cardholder's complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed*

*Dispute Resolution Form-Cardholder Dispute Chargeback (Form 1221) must document how each of the Chargeback Conditions was met.  
A reasonably specific description of the goods/services purchased.”*

*The chargeback conditions state:*

*“The cardholder contacted the issuer claiming both of the following:*

- The cardholder engaged in the transaction.*
- The purchased goods or services were not received”.*

*I don't think that the chargeback rule shows that Monzo needed the additional information that it asked for. Miss G said she didn't receive this communication in any case. Monzo have shown their audit which shows that it was sent. But I'm not going to go over that in a lot of detail here. That's because I'm not yet satisfied that Monzo needed to ask for anything further. Miss G's dispute form included the following information:*

- She ordered a series of eight laser lower legs and under arm sessions.*
- She had only received two sessions when the company went bankrupt, so she hadn't received part of what she'd paid for, specifically six leg and six underarm sessions.*
- She'd expected to get the service by 25 July 2024.*
- She included an invoice which itemised what she paid for.*

*I think the information that she provided did have sufficient detail to enable all parties to understand the dispute which meant that it documented how each of the chargeback conditions were met.*

*The information that she provided met the conditions of the chargeback rule, and as I've already said Miss G made the claim in time. I can understand that Monzo might want further detail to improve the prospects of success for the chargeback, but the information that it asked for wasn't particularly relevant to her claim. It should have been sufficiently clear from the information that it already had, that she was claiming for a service that hadn't been provided due to the merchant going into liquidation.*

*Overall, I think it was unfair for Monzo to decline Miss G's chargeback claim submission on the grounds that it needed more information. But that doesn't mean that I can automatically conclude that the chargeback would have been successful had it been attempted. I've thought carefully about the circumstances here, the evidence, and what Miss G has told us.*

*There's a chance that if the chargeback had proceeded that the merchant might not have offered a defence because it had entered into liquidation. I've noted that the government website which details information for creditors sets out that customers that had paid for services not yet received should contact their bank for assistance, which might mean that the liquidators might have been ready to settle claims. But on the other hand, the liquidators might have provided evidence that Miss G had already been provided with at least some of the services. Based on what Miss G has told us she would be unlikely to be able to provide any further evidence to counter that if the chargeback went to arbitration. So I can't be certain that Miss G would have received a full refund. I understand the reasons why she can't provide the information, but it doesn't mean I can conclude that she would have more likely received a refund for the six sessions she said were missed.*

*I'm aware that treatments of this nature are usually carried out at regular intervals. Based on what I've found looking at historic versions of the supplier's website, the usual recommendation would be for intervals of 4-6 weeks. I understand that this timing is crucial because it ensures all hair follicles are targeted during their active growth phase (anagen) for*

*the best results. But it is usual that the specialist will advise on the exact frequency, as it can vary depending on the body area, hair thickness, and individual growth cycles. Miss G's testimony is that she paid for the treatment in February 2024. She had a further treatment but hasn't said when that was, and she said she only realised that S had ceased trading when she failed to receive follow up appointments. She no longer has access to the specific treatment plan including the dates, as it was online, and she's lost access due to S ceasing trading. But even though I've considered her valuable testimony carefully, there is a lack of evidence of when the treatments were carried out and when the remaining were expected to be carried out. I don't think I can say it is more likely than not that she would have received a refund for the amount she has claimed.*

*Looking at the timeline, it is possible that she would have been able to have four treatments spaced equally six weeks apart, before S ceased trading. So, I find it more likely than not that a chargeback would have had a reasonable prospect of success, but for the equivalent of half of what she's paid.*

*I therefore think Monzo should be responsible for offering Miss G a refund of part of what she paid, due to missing an opportunity to (likely) recover them from S directly.*

*I think that Monzo need to reimburse her half the cost of the services she paid for, a total of £260. Simple annual interest should be added on this amount from the date of the claim, as I think that is when the refund would have been applied.*

*I've thought further on Monzo's handling of the claim. I've found that the in-app response that it sent could have been more informative and more tailored to her specific claim. It seems to refer to information that wasn't needed or might fit other chargeback codes. I don't think that it needed any further information and could have reasonably proceeded with the claim.*

*I think Monzo's handling of the claim has also caused upset and inconvenience to Miss G and she's made a reasonable effort to sort things out herself. The response to the complaint also included errors in key dates, which affected the understanding. No money can change what happened but I'm intending on directing Monzo to also pay £100 in compensation.*

*On balance, I think Monzo made an error in not proceeding with the claim. Had it done so, I consider it more likely than not that at least £260 could have been recovered through the chargeback scheme. That is why I'm intending to direct Monzo to refund £260 to Miss G. I think that this, together with the compensation I've set out, would be a fair and reasonable way to resolve this complaint.*

Monzo responded to the provisional decision. In summary it said:

- It escalated the provisional outcome received to its specialist team for further review and it confirmed it should not have rejected the dispute due to need for more evidence considering the customer had provided relevant evidence.
- Its specialist team also agreed that the dispute had not exceed the 120 days' timeframe considering the original date the customer reported the transaction being 16th August 2024 and the dispute was incorrectly rejected.
- Once it received the Ombudsman final outcome it will be considering accepting the outcome and resolve the case accordingly.

Miss G agreed that the provisional decision seemed reasonable.

## **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'd like to thank both parties for responding to the provisional decision. I'm making a final decision as it isn't clear if Monzo agree with how I think the complaint should be resolved, and I need to draw a line under the complaint. A final decision will give Miss G the protection of a legally binding decision should she choose to accept it.

On the basis I don't consider I've been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances.

As a reminder Miss G doesn't have to accept my decision. And then she'll be free to pursue the complaint by other means, such as through the courts, if she wishes, after taking legal advice as necessary.

Therefore, my final decision is the same for the reasons set out in my provisional decision.

## **My final decision**

My final decision is that I uphold this complaint and direct Monzo Bank Ltd to do the following:

- Reimburse Miss G £260.
- Pay simple interest on the above amount from 16 August 2024 until the date of settlement\*
- Pay Miss G £100 compensation.

\*If Monzo Bank Ltd consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss G how much they've taken off. They should also give Miss G a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 7 January 2026.

Caroline Kirby  
**Ombudsman**