

## **The complaint**

Mr K has complained Monzo Bank Ltd acted unfairly when declining his request for a refund. Mr K also believes Monzo handled his claim and subsequent complaint poorly – which has caused him to suffer distress and inconvenience.

## **What happened**

The parties are familiar with the background details of this complaint – so, I'll only briefly summarise them here. It reflects my role of resolving disputes quickly with minimum formality.

In mid-2025, Mr K completed an online 'Click and Collect' purchase for a gaming system from a retailer – who I'll refer to as 'R'. He paid £429.99 using his Monzo credit card.

Mr K collected the goods from R the same day. Mr K says that when he first used the console, he found the lefthand controller was making loud squeaking noises and it had noticeable drift. So, Mr K contacted R to report the issue and exercise his right to reject the goods.

Mr K says R originally said the goods couldn't be returned because he didn't buy any insurance. So, he asked Monzo to raise a breach of contract claim under Section 75 of the Consumer Credit Act 1974 (CCA).

Monzo asked Mr K to provide evidence that R had refused to take the goods back. Mr K responded by saying he'd made R aware he'd immediately stopped using the goods (as they were faulty), repackaged them, and made them available for collection. But R was insisting he needed to return the goods to a store.

Monzo declined Mr K's section 75 claim because they didn't find the evidence supported that R had breached their contractual obligations. Unhappy with the outcome of the Section 75 claim, Mr K raised a complaint with Monzo about this. Mr K also raised a separate complaint soon afterwards about how Monzo had handled the matter.

Monzo investigated the complaint issues and issued a final response. This included Monzo apologising for the time this had taken. But ultimately, Monzo didn't uphold the complaint. Monzo maintained R, 'are not obliged to arrange a collection when the goods have been purchased in store'.

As Mr K was unhappy with Monzo's response, he asked the Financial Ombudsman to consider the matter.

Our Investigator didn't uphold the complaint. They said there hadn't been a breach of contract under Section 75 as the return policy for R hadn't been followed by Mr K.

Mr K didn't agree with our Investigator's findings, saying R had failed to comply with Section 20(7) of the Consumer Rights Act 2015 (CRA) and Monzo had incorrectly applied the rules regarding an 'in store' purchase rather than an 'online' purchase.

I issued a provisional decision on the matter, where I set out the below:

*I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.*

*I'm sorry to hear Mr K is unhappy with the gaming system he paid for. However, it's important to note my decision here is about the actions of Monzo – and what it should fairly have done for Mr K in its position as the provider of the funds that facilitated the purchase of the goods. It's not for me to decide on the actions taken by R.*

*In looking at how Monzo handled the claim Mr K brought to them, I've considered the information reasonably available to Monzo at the time, along with the relevant aspects of Section 75 (under the CCA) and the CRA.*

*As the goods were purchased using a credit card there was the potential for Monzo to have raised a chargeback as well as a Section 75 claim. Monzo made Mr K aware of this at the time he asked them to raise the Section 75 claim. Mr K responded to say he only wanted Monzo to raise a Section 75 claim. As such, I do not need to consider this further. I will only be deciding on whether Monzo treated Mr K fairly in how it handled the Section 75 claim.*

### **Section 75**

*In certain circumstances, Section 75 allows Mr K to hold Monzo liable for a 'like claim' for breach of contract or misrepresentation in respect of an agreement with a supplier for goods or services which is funded by a credit card.*

*I'm satisfied the requirements for Mr K to make a like claim against Monzo have been met on this complaint. So, I've gone on to consider if there is persuasive evidence of a breach of contract or misrepresentation which would reasonably have been available to Monzo at the time it considered the claim.*

### **Misrepresentation**

*I do not consider there has been any misrepresentation. The issue here is that Mr K says the goods were faulty at point of delivery.*

### **Breach of contract**

*Alongside the specific terms of the purchase contract, the CRA is of particular relevance to this complaint. It says that under a contract to supply goods, there's an implied term that "the quality of the goods is satisfactory". In summary, this means the goods must meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. The goods were brand new so they should have been in perfect condition, free from minor defects.*

*The CRA sets out that goods which do not conform to the contract at any time within the period of six months (beginning with the day on which the goods were delivered to the consumer) must be taken as to have not conformed to it on that day, unless it's established the goods did conform to the contract on that day or that the application is incompatible with the nature of the goods or with how they fail to conform to the contract.*

*Mr K says one of the controllers isn't working correctly – it has a noticeable squeak when used and there is drift. The video recording Mr K has provided demonstrates there is a persistent audible loud squeak when the lefthand controller is used - this isn't present when*

*the same operation is carried out using the righthand controller. The video doesn't show the drift issue. But in any event, I consider Mr K did enough to demonstrate to Monzo the controller wasn't free of minor defects, meaning the goods he received weren't of satisfactory quality. It seems Monzo accepted this as they didn't ask Mr K for any additional evidence.*

*I'm satisfied there has been a breach of contract. And Mr K exercised his statutory short-term right to reject the goods because of this – which he did within the required 30-day period from delivery.*

*Mr K says R told him that he needed to return the goods to the store he collected them from. Monzo agreed saying that as Mr K lives around ten minutes from the store, it's reasonable to believe Mr K would have been able to return the goods to that same store with little inconvenience and cost. This may be the case, and it may well have led to a quicker resolution. However, I need to decide if Monzo acted fairly when considering Mr K's claim about a breach of contract under Section 75.*

Section 20(7) of the CRA says:

- *From the time when the right [to reject] is exercised –*
  - a) *the trader has a duty to give the consumer a refund, subject to subsection (18), and*
  - b) *the consumer has a duty to make the goods available for collection by the trader or (if there is an agreement for the consumer to return rejected goods) to return them as agreed.*

Section 20(8) of the CRA says:

- *Whether or not the consumer has a duty to return the rejected goods, the trader must bear any reasonable costs of returning them, other than any costs incurred by the consumer in returning the goods in person to the place where the consumer took physical possession of them.*

*Monzo says that based on R's return policy, Mr K needs to return the goods to a store even though they were faulty.*

*I've looked online to see what R's return policy says about returning items that are faulty or damaged. It says:*

- *If you received your item less than 30 days ago*
  - *We will offer you an exchange, replacement, or refund.*
  - *If your item was damaged when you received it, then you'll need to contact us about arranging an exchange, a replacement, or a refund. In some cases, we may be able to offer you a discount to keep the item if it's something purely cosmetic that you'd be happier to keep for a partial refund.*
  - *If your product is missing parts, you can check our spare parts website. Alternatively you can return to the store you collected from or contact us here for products delivered to your home.*

*R's return policy says that if an item was found to be faulty or damaged, the consumer would need to contact them to arrange an exchange, a replacement or a refund. Mr K did so, asking R to arrange collection from his home address as he was rejecting the goods. Based on what I've seen, I don't think R made it sufficiently clear to Mr K at point of sale that he'd need to return the goods to a store if they were faulty. So, I can't fairly say that Mr K agreed to this. It seems that while R could have arranged to collect the goods from Mr K's home address, their preference was for Mr K to take them back to a store.*

*The express terms of the sales agreement do not supersede the implied, statutory, rights provided by the CRA. These say Mr K only needed to make the goods available for collection – which Mr K says he's done and I've no reason to believe this isn't the case. So, while I appreciate why Monzo says it was reasonable for Mr K to return the goods to the store, on balance, I'm not persuaded Mr K's preference for R to have arranged for the goods to be collected from his home address was unreasonable or contrary to what the CRA says about the return of faulty goods.*

*It follows, that I don't think Monzo treated Mr K fairly in how it handled the Section 75 claim - especially with regard to Monzo needing to do more to remedy the breach of contract it is equally liable for.*

### **How Monzo dealt with the claim and complaint**

*Mr K raised the section 75 claim in early June and Monzo confirmed the claim had been unsuccessful by mid to late June. So, I think Monzo progressed the initial Section 75 claim without any undue delays.*

*Monzo has apologised for the time it took them to issue their final response to the complaint Mr K raised following Monzo rejecting the claim. But I note Mr K believes Monzo provided inaccurate information when stating the goods were purchased 'in store' rather than 'on-line'. I appreciate why this would have caused confusion and led to Mr K believing that Monzo had incorrectly assessed the Section 75 claim.*

*I think Monzo ought reasonably to have issued their response to Mr K's complaint sooner than they did. While it was issued within the allowed for eight-week period (by two days) of Mr K raising his formal complaint, I note it was issued six days after the deadline Monzo had told Mr K it would be issued by. I also consider Monzo should have taken more care about what they told Mr K to ensure it was factually correct and not misleading.*

*Overall, I consider Monzo has caused Mr K to suffer undue distress and inconvenience, So, I'm currently minded to direct Monzo to pay Mr K £150 to compensate for this. I think this fairly reflects the impact on Mr K and it's inline with what's awarded when the impact of a mistake means the customer has been caused more inconvenience than they'd expect in their normal day to day life.*

I then went on to say what I thought Monzo should now do to put things right.

### **The responses to my provisional decision**

Mr K responded and said he had no further comments at this stage and would await the final decision.

Monzo responded and said R's website about returns, refunds and exchanges does ask how the customer received their items. And in this case, the only option given for goods collected from a store is for the goods to be returned to a store. So, Monzo maintains R's return policy is clear and reasonable. Monzo made no comment on what I said about how they had dealt

with the Section 75 claim and Mr K's complaint.

### **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 appears Monzo accepts the goods were faulty at point of delivery. It's also accepted by both parties that Mr K collected the goods from a store. So, the issue I need to decide is whether at point of sale Mr K agreed to return the goods to a store and whether R made it clear to Mr K that faulty goods could only be returned by Mr K taking them to a store.

The screenshot Monzo has provided of R's website says under the heading of 'How to return your item' that 'You can return to any R store'. It does not give any other options. But as I highlighted in my provisional decision, R's website has a page that deals more specifically with returning items that are faulty or damaged. It says that if the goods were received less than 30 days ago that:

- *If your item was damaged when you received it, then you'll need to contact us about arranging an exchange, a replacement, or a refund. In some cases, we may be able to offer you a discount to keep the item if it's something purely cosmetic that you'd be happier to keep for a partial refund.*

I'm not persuaded that the screen shot Monzo has supplied would have been seen by Mr K at point of sale. It's my understanding it would only have been shown if Mr K had attempted to return an item – which Mr K wasn't intending to do when he bought the goods. And in any event, I'm not persuaded Mr K agreed to this at point of sale. I think it would have been reasonable for Mr K to rely on what R specifically said about how damaged or faulty goods could be returned to them. So, I find no reason to depart from what I said in my provisional decision.

On balance, I'm not persuaded Mr K's preference for R to have arranged for the goods to be collected from his home address was unreasonable or contrary to what the CRA says about the return of faulty goods. So, it follows that I don't think Monzo treated Mr K fairly in how it handled the Section 75 claim - especially with regard to Monzo needing to do more to remedy the breach of contract it is equally liable for.

### **Putting things right**

To put things right, I direct Monzo to:

- Arrange for the goods to be collected from Mr K's home address.
- Upon receipt of the returned goods, arrange for Mr K to be reimbursed the £429.99 he paid for them.
- In addition, Monzo should rework the account as if that payment was reversed at the point it declined the claim. If this results in the account having a positive balance, pay interest at 8% simple per year\*) on that balance from the date it went into credit to date of settlement.
- Pay Mr K a distress and inconvenience payment of £150.

\*HMRC usually expects Monzo to deduct a sum for tax from the interest figure and if Mr K wants a certificate showing the deduction it must give him one.

I leave it to Monzo to decide if they wish to contact R to see if they would be prepared to arrange the collection and potentially issue the refund aspect of the directions themselves. But this shouldn't cause an undue delay in the case being resolved.

### **My final decision**

My final decision is that I uphold this complaint, and direct Monzo Bank Ltd to do as I've instructed - as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 January 2026.

Carl Bibby  
**Ombudsman**