

## **The complaint**

Miss D complains that Monzo Bank Ltd did not refund money paid for direct debits under the Direct Debit Guarantee (DDG) scheme.

## **What happened**

Miss D contacted Monzo in order to get a refund under the DDG scheme for direct debits which she said were debited from her account in error by a third party company. She says she tried to contact the third party company over the phone to resolve the issue, but they kept ignoring her and she says they fobbed her off. Miss D says she cancelled the direct debit, but Monzo wouldn't raise a claim for her under the DDG scheme. Miss D made a complaint to Monzo.

Monzo partially upheld Miss D's complaint. They said Miss D was asked to provide evidence in writing so they could process these claims, but Miss D refused, and she was unhappy with this, because the DDG scheme entitled her to an immediate refund. Monzo said this provision does not exclude the process of the bank requesting evidence in case the merchant disputes her claim. So they were unable to refund the direct debits under the DDG scheme which she paid to the third party because Miss D was unable to provide documentary or written evidence.

Monzo apologised that it took them way longer than expected to respond to her complaint, and they offered her £25 compensation for the delay. Miss D brought her complaint to our service.

Our investigator did not uphold Miss D's complaint. He said as Monzo didn't receive any evidence to suggest there was anything wrong with the direct debit payments to the third party company – or any evidence of Miss D's contact with the third party company about the issue, he could understand why Monzo decided they didn't have any grounds to recall the direct debit payments.

Miss D asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she had phoned the third party company as there was no chat or email facility that they offered. Miss D said the payment should not have been taken as there was a 14 day cooling off period where she could cancel and she chose to cancel it by ringing the third party company, so it should've been cancelled, and she should be covered under the DDG scheme.

## **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.

Miss D has made a number of points to this service, and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I'd like to explain to Miss D that it is not within this service's remit to tell a business how they should run their policies and procedures, such as their internal policies in raising refunds under the DDG scheme and their requirements to raise a claim. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Monzo to make changes to their policies and procedures, if necessary.

Here, I can only look into the actions of Monzo as part of this complaint. Miss D may also wish to make a complaint to the third party company, especially if they didn't cancel it within the 14 day cooling off period that Miss D says she rang and asked them to cancel.

I've had a look at the wording of the DDG scheme under "*Your rights and safeguards*" of the DDG website in the help section. In this section it shows "*The Guarantee only protects your Direct Debit payments. It doesn't cover you if you have a dispute with the biller, or the company goes into administration*".

I've considered whether Monzo should have processed the refunds that Miss D asked them to. But in order for Monzo to do this, they would need to ensure the criteria of the DDG scheme was met before refunding the money. So I would not expect them to refund the money automatically without checking the criteria was met first. I say this because if they had processed the refunds and the criteria hadn't been met, then this could have caused Miss D difficulty if the funds were re-debited from her account, which would be the likely outcome if the DDG criteria hadn't been met.

I've considered what Miss D has said about the third party company not having a chat or email facility and she spoke to them by phone. But Monzo would have been able to accept a letter from them. I don't find that this request is unreasonable for Monzo to ask Miss D to ensure she meets the criteria of the DDG, as there otherwise may be a contract dispute between the third party and Miss D, which the DDG scheme wouldn't cover.

So without the further information Monzo asked for, I don't find it unreasonable that Monzo didn't raise a claim under the DDG scheme for Miss D, as they would be unsure if the criteria had been met without the information they needed from Miss D.

But Monzo did let Miss D down with the time it took them to respond to her complaint. This was due to an administrative error. Monzo offered Miss D £25 compensation for the delays. I'm satisfied that this was a fair offer, and I'm pleased to see that this didn't affect Miss D being able to bring her complaint to our service. So I think Monzo should pay Miss D £25 that they offered her if they haven't already done so, but I don't require them to do anything further.

### **My final decision**

Monzo Bank Ltd has already made an offer to pay £25 for inconvenience to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Monzo Bank Ltd should pay Miss D £25 compensation (only if they haven't done so already). But I won't be requiring them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 22 March 2024.

Gregory Sloanes  
**Ombudsman**