

## **The complaint**

Ms P complains that Monzo Bank Ltd hasn't done enough to assist her in recovering money she paid with her debit card for goods she bought from an online retailer.

## **What happened**

While online, Ms P bought some clothing from a retailer "R". She used a Monzo debit card to pay. But when she received her purchase, Ms P was unhappy about the appearance and quality of the items. She attempted to engage with R, who offered her a discount voucher. But Ms P wanted to return the items and get a refund.

After R stopped responding to her, Ms P turned to Monzo for assistance in recovering her money. Monzo submitted a chargeback claim and gave Ms P a temporary refund. But it reversed the refund when R defended the chargeback claim saying Ms P hadn't returned the goods to it. Ms P said she initially believed R was based in the UK, but later found out the goods were supplied from overseas, which made returning the items too costly. Ms P felt R should bear the cost of return under consumer protection legislation.

Ms P was also unhappy with the way Monzo dealt with her claim. She said Monzo had originally told her she would be notified of the claim outcome and have the opportunity to challenge any defence to her claim. However, Monzo hadn't given her that opportunity. Ms P said she'd engaged in lengthy correspondence about the matter, which had caused her a good deal of time and trouble.

Our investigator didn't think there was much Monzo could do to help Ms P get her money back. She noted that it was a requirement of the card scheme rules that goods were returned or made available for collection, in order for a chargeback claim to be pursued. The investigator thought there were aspects of the claim handling that Monzo in which Monzo could have done better, but that ultimately it had given Ms P a fair answer consistent with the card scheme rules. But Ms P didn't agree with the investigator's conclusion. She's asked for this review.

## **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 do understand Ms P's frustration. She has made several points that speak to the relative strengths of her claim against R, and I can see why she doesn't think it's right that she should be out of pocket. But the fact she may have a strong case against R doesn't necessarily mean that Monzo has treated her unfairly in handling her chargeback claim.

Ms P paid using her debit card. Monzo doesn't have any liability for R's actions in the way as, for example, it might have if Ms P used a credit card. Monzo can only really assist her in recovering her money through the chargeback process. And the success of otherwise of a chargeback claim is by reference to the card scheme rules, which are set by the card scheme and not the card issuer.

The card scheme rules enable a chargeback claim to be made where goods are not as described or are in some way defective. But that rule also requires that goods are returned or made available for pickup. I'm aware of the difficulties Ms P faced in complying with that requirement, but I can't rewrite the rule or say that Monzo should have disregarded it.

From what I can see, from the outset Monzo correctly explained that position to Ms P. I don't think it was unfair of the bank to take the position it did, or to hold that position in response to Ms P's further correspondence. Even if Monzo had given Ms P the opportunity to challenge the reason for declining her claim, her own evidence is that she hadn't returned (or been able to return) the items. So I don't think she was put at a disadvantage by the way in which Monzo handled matters overall.

While Ms P might think the rule itself is inflexible or should take account of the circumstances at play in her case, that isn't something Monzo has any control over. If Monzo had disregarded the card scheme rules, this would simply lead to the card scheme finding in favour of R.

I can only deal with the way in which Monzo handled the claim. That doesn't mean Ms P can't rely on the legislation she has mentioned, among other things, to pursue a claim against R itself. I appreciate this may prove somewhat academic, given that R appears to have ceased its operations, and taking into account the amount in question. But as I say, having grounds for a legal claim against R doesn't mean the same arguments can be successfully made out as a chargeback claim.

### **My final decision**

I have every sympathy with Ms P, who's done nothing wrong here. But for the reasons I've set out, I can't uphold her complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 30 September 2024.

Niall Taylor  
**Ombudsman**