

The complaint

Mr E complains about his bank Metro Bank Plc. He says it didn't do enough to recover the payments he made to an investment scam company.

What happened

The background of this complaint is well known to both parties, so I don't intend to repeat what happened in much detail here.

Mr E was cold called by a representative of Safemarkets.com who tricked him into believing that he could make money on their investment trading platform and could withdraw this money at any time. Mr E made three payments (using his Metro Mastercard debit card) to Safemarkets.com totalling £4,070.30 between 28 November 2017 to 1 December 2017. When Mr E could no longer access his trading account and the representative of Safemarkets.com was no longer reachable, he realised he'd fallen victim to a scam and contacted Metro for assistance with recovering his payments.

Metro concluded it was unable to recover Mr E's payments through the relevant card scheme. One of our investigators initially thought that Metro could have attempted chargeback claims and this would have likely led to a successful outcome. Metro disagreed and asked for the complaint to be escalated to an ombudsman. So the complaint has been passed to me for determination.

I wrote to Mr E with my provisional findings explaining that I didn't think Metro had a valid chargeback option to have assisted him with a claim against Safemarkets.com. Mr E replied and said he was misled/tricked by Safemarkets.com and was told he could withdraw his money at any time, so he did have access to his trading account to pay in but he wasn't aware that the platform was designed to pressure clients to pay more money in. He felt if Metro had processed chargeback claims in the beginning, he would have had a chance to recover this money. He said Safemarkets.com used the Mastercard logo displayed on their website to make them seem credible and this induced him into transacting with them.

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 accept in this case that Mr E has been the victim of a scam and I'm very sorry to see that he lost his money this way. My role here is to consider whether or not I think Metro could have recovered Mr E's payments through its relevant chargeback scheme.

Chargeback is a voluntary scheme run by Mastercard whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Mastercard's arbitration decision or scheme rules, but to determine whether the regulated

card issuer (i.e. Metro) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder.

Our service has clarified this matter with Mastercard directly, it explained that if a cardholder authorised and engaged in a transaction with the intent to participate in gambling, investment or similar services, then cardholder-dispute chargeback rights are restricted regardless of whether the activity was illegal or brand damaging. It went onto explain that issuers have no chargeback rights related to the use of these chips or value, unspent chips, or withdrawal of such value, or on any winnings, gains or losses resulting from the use of such chips or value. In short, Mastercard consider the purpose of the Mastercard transaction to load funds into the gambling or investment account and not what activities are subsequently done with the funds.

The scheme does allow for a chargeback if it can be evidenced that the funds never credited the trading account. But this was not the nature of Mr E's claim. His claim was that he'd fallen victim to a scam and was unable to withdraw his funds from his trading account. This isn't something the Mastercard scheme provides a dispute resolution process for.

I appreciate that Mr E feels strongly that Metro could have at least attempted chargeback claims for him. But I don't think I can tell it that it ought to have. This is because it didn't have the grounds to do so.

Overall, based on all the above information, I think declining to raise chargeback claims was a fair and reasonable exercise of Metro's discretion.

My final decision

My final decision is that despite my natural sympathies for Mr E's financial loss, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 16 February 2022.

Dolores Njemanze
Ombudsman