

The complaint

Mr S complains that Monzo Bank Ltd will not refund card payments he believed were going to a legitimate trading company which he says turned out to be a scam.

Mr A is represented in this matter by CEL Solicitors ("CEL"). For simplicity, I will refer to CEL's actions and submissions as those made by Mr S.

What happened

The circumstances of this complaint are well known to both parties, so I will not repeat them all again here in detail. But I will provide an overview of events below.

In short, Mr S says his sister introduced him to a company he thought was a legitimate investment trading firm. He made several card payments – using his Monzo Mastercard – to a cryptocurrency exchange I will refer to as M in this decision. Mr S says he believed his payments were going to his trading platform account with the investment trading firm mentioned. However, Mr S says he later discovered he had been scammed and lost all his money.

Mr S contacted Monzo about this and asked it to try to recover his money. As this did not happen, he raised a complaint which he referred to our Service.

One of our investigators considered the complaint and did not uphold it. As Mr S did not agree with the investigator's findings, this matter has been passed to me to make a decision.

What I have 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.

Having done so, I agree with the conclusions reached by the investigator for reasons I set out below.

But first, I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Intervention

Mr S says Monzo should have flagged the payments concerned and stopped them – particularly given the nature of them which he argues is unusual for his account. Having considered this and what Mr S says about what is in the public domain regarding investment trading scams, I am unable to agree with his assertions. I say this because I am not persuaded that Monzo ought to have intervened regarding the payments. That is, I am not persuaded Monzo ought to have been alerted to the payments, delayed them and asked

questions to get to the bottom of what was going on. In my view, I do not find the payments remarkable in any way to be cause for concern.

Chargeback

I have also thought about whether Mr S had any chargeback rights regarding the payments. I will turn to this now.

Chargeback is an entirely voluntary scheme, which means banks are under no formal obligation to raise a chargeback claim. The scheme operator can ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them. However, such an arbitration is subject to the rules of the scheme – so there are limited grounds on which a chargeback can succeed. My role is to determine whether the regulated card issuer (in this case, Monzo) acted fairly and reasonably in its decision not to pursue a chargeback on behalf of its cardholder (in this case, Mr S).

Mr S made the payments concerned to M – a cryptocurrency exchange – which provided their service accordingly. Because of this, if Monzo had pursued a chargeback, I am persuaded it would have likely been unsuccessful. I say this because the alleged scam company was not a party to the card payments, so Mr S could not have a valid claim against the legitimate merchants (M) he paid. M provided their services as intended. The subsequent transfer of this would not give rise to a valid chargeback claim. It follows that Monzo acted fairly and reasonably by not pursuing a chargeback on Mr S's behalf, as M would have likely been able to defend such a claim.

In any event, even if Mr S had made his payments to the alleged scam company directly – I am not persuaded he would have had any valid chargeback rights under the Mastercard scheme.

Taking all the above points together, I am satisfied that Monzo has not done anything wrong in its decision not to refund the payments concerned – particularly given the fact Mr S made them to an account he controlled.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 October 2022.

Tony Massiah
Ombudsman