

The complaint

Miss N complains that Monzo Bank Ltd (Monzo) is refusing to refund her the amount she lost as the result of a scam.

Miss N is being represented by a third party. To keep things simple, I will refer to Miss N throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary Miss N was at the airport in Dubai when she was approached by a business called The First Group (X) offering investment in property. Interested in the opportunity Miss N agreed to look at several properties and was then persuaded by X to make an investment on the promise of a reasonably quick return.

Miss N says she would have liked more time to think over the investment but was pressured by X into making the payment the same day. Miss N made a payment to X of £3,043.30.

After making the payment to X Miss N carried out some online research where she found bad reviews about X. Miss N contacted X to request a refund, but this was denied.

Miss N then contacted Monzo to recover the funds she had sent to X. Monzo explained it could attempt a chargeback of the payment Miss N had made if she was able to provide some further information.

Monzo says Miss N did not provide the information it requested from her and by the time Miss N contacted Monzo again it was too late to request a chargeback.

Our Investigator considered Miss N's complaint but didn't think it should be upheld. Miss N disagreed she said she had provided enough information to process a chargeback and that Monzo should have done more to protect her from the scam.

As Miss N disagreed this complaint has been passed to me to decide.

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 have looked at all the available evidence.

Monzo says it was unable to process a chargeback request for the payment Miss N made to X as she did not respond to the request it made for further information from her, and follow the process of raising a new dispute.

I can see that Miss N completed a transaction dispute form in January 2022 via the Monzo

App. Monzo responded to Miss N via the App, it requested more information including evidence that she had contacted X for a refund and had waited 14 days for a response. Once Miss N had this information, she was told she would have to raise a new dispute and provide the required evidence.

In March 2022 Miss N contacted Monzo again through the Monzo App and Monzo replied explaining it may be able to help if X had not responded. Monzo explained again that Miss N would have to complete a new dispute form.

Monzo didn't hear anything more From Miss N until October 2022.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

I think the requests made by Monzo were reasonable and part of the process it has in place to gather information before it can raise a chargeback. I have not seen sufficient evidence that Miss N provided the information requested by Monzo within the 120-day time limit allowed for Monzo to attempt a chargeback for the payment Miss N made to X.

So, I don't think it was unreasonable that Monzo did not attempt to recover Miss N's money via this method. This time limit has now been exceeded and the option to request a chargeback is no longer available.

Miss N has accepted she authorised the payment she made to X, so the starting point here is that Miss N is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and stepped in to prevent the payment Miss N was making.

Miss N made a single payment of £3,043.30 to a new business (X). Miss N had made similar sized payments over the previous 12 months, so this wouldn't be considered out of character for her usual spending habits. While I appreciate Miss N was making a payment to a new business, I do not consider the value of the payment to be significantly high, and it wouldn't be reasonable for me to suggest that Monzo should step in every time one of its customers makes a payment to a new business.

I don't think it's unreasonable that the payment Miss N made didn't trigger Monzo's fraud prevention systems. So, Monzo would not have been aware of the scam, and was not able to step in to prevent it.

Monzo is not responsible for Miss N's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 18 April 2023.

Terry Woodham
Ombudsman