

The complaint

Miss T is unhappy that Monzo Bank Ltd won't refund a payment she made as part of a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

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.

Having done so, I agree with the outcome reached by our investigator for these reasons:

- Although it's accepted Miss T was the victim of a scam, it's not disputed she made this payment. So the starting position, in line with the Payment Services Regulations 2017, is that she's liable for it.
- I've considered whether Monzo could've reasonably prevented her loss, given its obligations to look out for unusual or otherwise suspicious payments that might suggest she's at risk of fraud.
- Given the value of the disputed payment (£150) was in keeping with her spending at the time, and that Miss T had used PayPal to pay for things in the past, I don't think this payment looked out of character. So I think it was reasonable Monzo didn't detect a fraud risk – and simply processed the payment in line with Miss T's instructions.
- As well as considering whether Monzo ought to have prevented Miss T's loss, I've considered whether it ought to have done more to recover it. Miss T submits that Monzo should've raised a chargeback, as it was in time to do so. I accept that's the case, but I agree there still wasn't reasonable prospects of this claim succeeding. That's because she paid using the 'friends and family' option, which isn't covered by PayPal's purchase protection. So I think it was fair that Monzo didn't raise this claim.
- In saying this, I've noted Miss T's point that PayPal told her they'd honour a claim if Monzo raised it. But given this is at odds with PayPal's stated policy, I don't think it was unreasonable that Monzo didn't rely on this.
- It's also unclear to me why PayPal would need a chargeback to refund Miss T, given that chargebacks are to be used when things can't be resolved between her and the merchant – they're not to facilitate a refund when it's agreed one should be given. Indeed, I note there's a suggestion that PayPal has given her credit, meaning there's a question over Miss T's remaining financial loss here too.

- I appreciate this will be disappointing for Miss T. But I'm not persuaded Monzo is at fault for failing to stop, or recover, her loss.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 31 May 2023.

Emma Szkolar
Ombudsman