

The complaint

Mr N complains that Monzo Bank Ltd refused to carry out a chargeback in respect of a payment he made to a company (B). He believed that B was perpetrating a scam.

What happened

In February 2022 Mr N purchased a starter pack from B which included credits giving him access to a number of professional leads (regarding job/career opportunities). He found that none of the leads provided were viable either through no response, invalid emails, or telephone numbers. B confirmed under its "Get Hired Guarantee" it would refund credits to Mr N's account but couldn't offer a cash refund. And its terms and conditions stated that the starter pack was non-refundable.

Mr N attempted to raise a chargeback with Monzo. He said that B was operating a scam. Monzo said it couldn't treat the transaction as fraudulent as Mr N had provided his card details to B, so had authorised the transaction. It agreed to consider raising a dispute with a possible chargeback. But it ultimately declined to do so as under B's terms and conditions the starter pack cost was non-refundable and B would refund credits to Mr N's account with it, not a cash refund. It apologised for the time it took to deal with Mr N's dispute and for him having to verify his identity multiple times and paid him £30 for the inconvenience.

Mr N complained further that Monzo had asked him to provide evidence of fake email addresses / telephone numbers and that Monzo had not acted on that evidence. He also pointed out numerous reviews on review platforms by people who had had similar experiences to him.

On referral to the Financial Ombudsman Service our Investigator said that there wasn't enough evidence to suggest that B was operating a scam, so Monzo had acted reasonably in not regarding it as that. She also said that in respect of chargeback Monzo had reasonably declined to operate the process as B had complied with its own terms and conditions.

Mr M didn't agree and said that had Monzo gone through the chargeback process it would have been successful.

The matter has been passed to me for further consideration.

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.

was it a fraudulent transaction?

Under the Payment Services Regulations 2017 Monzo wasn't required to recall the payment and/or refund it unless B had acted fraudulently. For me to consider there was fraud I would need to see strong evidence of this. The fact that B appears to be a genuine company and

that there has been no fraud investigation into the company would appear to confirm that it didn't act fraudulently. The fact that a number of reviews online show unhappy customers who regard the way it acts as a scam is not evidence of fraud. And as Monzo pointed out, Mr N authorised the use of his card for the transaction, while being aware of B's terms and conditions. I'm satisfied that, on the evidence I've seen, Monzo acted reasonably in not treating this as fraud.

chargeback dispute

Monzo agreed to consider this as a possible chargeback dispute. First of all Mr N sent several emails and he was asked to confirm his identity each time. Whilst I understand that this was an inconvenience for him, nevertheless it was necessary to confirm the emails genuinely came from him.

Monzo initially said it wasn't raising the matter as a chargeback because B had complied with its own terms and conditions. It did suggest that it would look at it further if Mr M could provide evidence of invalid email addresses or telephone numbers. It said that B's terms and conditions said a cash refund could be provided in those circumstances.

In fact that wasn't the case as B would only give a refund of credits to his account and did so. When Mr N provided that further evidence Monzo did then say in its email of 14 June 2022 that:

"We aren't under any obligation to raise a chargeback but we try to do so in any cases we're able to. In this case, [card scheme provider] wouldn't accept a dispute for this transaction because the merchant has provided a service and the terms state the payment is non refundable."

I'm sure that Mr N feels he has a genuine grievance with B in that it didn't provide him with any successful leads, with a number of those provided having been uncontactable. But the chargeback scheme operated by banks is subject to the rules of the relevant card scheme provider, in this case M, set out in its Chargeback Guide. These provide that a dispute may be opened where:

" Goods and services did not conform to their description

Goods or Services Were Either Not as Described or Defective

The merchant did not honour the terms and conditions of the contract with the cardholder including, but not limited to, 100 percent money back guarantee, written promises, or return policy."

Here Mr N agreed to buy a starter pack containing a number of credits under terms that it was non-refundable. And although Mr N received a number of leads with invalid email addresses and/or telephone numbers, the remedy provided in that situation was for B to refund his credits to his account with it which it did. So B provided a service which it carried out in accordance with its terms and conditions.

So I think Monzo acted reasonably in not starting the chargeback process, because it adjudged that such a process would not succeed.

I understand that Mr N was unhappy with the process and the delays, and in providing evidence which Monzo later dismissed. But I think the chargeback would likely have failed in this case. And Monzo has paid him £30 for the inconvenience which I think is reasonable.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 4 September 2023.

Ray Lawley
Ombudsman