

The complaint

Mr G complains PrePay Technologies Limited – who I'll refer to as Monese in the rest of this decision – didn't do enough when his card was used fraudulently.

What happened

Mr G has an account with Monese.

On 3 May 2023 Mr G contacted Monese to say there had been approximately £1,000's worth of fraudulent transactions on his card in April 2023 – involving two different merchants – which he wanted refunding. Mr G says Monese replied to him – after he'd chased them for a reply – saying that he should contact the two merchants involved first. So, that's what he did.

Mr G says one of the merchants accepted the transactions were fraudulent and refunded them. He says the other merchant didn't get back to him until 27 September 2023 at which point they said that couldn't refund the transactions as they'd taken place more than 90 days earlier. That was despite the fact that they said they could see the transactions were on another account and likely fraudulent. Mr G says the merchant told him to contact Monese to raise a dispute instead. So, that's what he did.

On 26 October 2023 Monese told Mr G that it couldn't raise a dispute on his behalf as the transactions he was disputing had taken place more than 120 days earlier. Mr G says he complained about Monese's response but didn't hear back. So, he contacted our service.

One of our investigators looked into Mr G's complaint and said that they thought Monese had enough information to have been able to raise a dispute when Mr G initially contacted them. In the circumstances, they thought that Monese had missed an opportunity to recover the money. So, they recommended that Monese refund the remaining disputed transactions along with 8% simple interest and pay £100 in compensation for trouble and upset.

Mr G accepted our investigator's recommendations. Monese didn't – it said that the reason why it hadn't been able to raise a chargeback was because Mr G had delayed getting back to it. Monese asked for Mr H's complaint to be referred to an ombudsman. His complaint was, as a result, passed to me.

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 can see that Mr G contacted Monese on 3 May 2023 to say that there had approximately £1,000's worth of fraudulent transactions on his account in April 2023. He also named the two merchants involved. I can also see that Mr G had to chase Monese for a response – he did so two weeks' later – and that Monese responded on 29 May 2023. In its response Monese said:

"The first thing you should do is contact the merchant directly to ask them for a refund."

Monese also said:

"If that doesn't help, simply reply to this email with a screenshot of your conversation with them. We'll then use it as evidence to open a dispute for you."

Monese has sent us a copy of the terms and conditions applying to Mr G's account at the time. Those terms and conditions explain what a chargeback is and that it can be used, for example, to obtain a refund in the event that a payment is made fraudulently. They also explain that chargebacks are handled in Monese's case by Mastercard in accordance with its scheme rules and not by Monese. And they mention that Mastercard can take up to 45 days to adjudicate on a chargeback. That's the only timescale mentioned in Monese's terms and conditions. I can see that Monese also mentioned a chargeback can take 45 days in its response recommending that Mr G contact the merchant first. Monese said:

"Doing this should help solve the issue as quickly as possible – a chargeback can often take 45 days!"

I accept that Monese said in its response that all Mr G had to do was reply to its email with a screenshot of its conversation with the merchant if contacting the merchant didn't help and it would then use that as evidence to open a dispute for him. Monese response didn't, however, explain that it would have to raise a chargeback within 120 days or that there are strict time limits when it comes to chargebacks nor do its terms and conditions. So, I don't think it was unreasonable of Mr G to contact the merchant first – in fact that's an important part of any chargeback claim – nor do I think it was unreasonable of him to see what the merchant said before contacting Monese again to ask it to raise a dispute. Not least because Monese had said that if the merchant didn't agree to a refund it would use a screenshot of that conversation as evidence to open a dispute for him.

I can see that Mr G contacted the merchant in question to ask for a refund – as Monese had recommended – via the merchant's app. I've only seen part of the conversation Mr G had with the merchant, but it's evident that they were speaking at the beginning of July 2023 because the merchant asked Mr G for the expiry date of the card on which the fraudulent transactions had taken place. Mr G didn't have these details – seemingly because he'd ordered a new card – so he contacted Monese asking for the expiry date of his old card. He did so on 3 July 2023. In his message to Monese Mr G said:

"I am in touch with a merchant, asking for a charge back of a scheme I was victim of (below), and they are asking the last four digits of the credit or debit card used + the expire date of the card ... Can you please provide such?"

I can see that Monese sent details of Mr G's old card on 5 July 2023. The other merchant

that he was dealing with agreed to refund the transactions having, it seems, concluded that they were fraudulent. I can see the refund from that merchant was completed on 12 July 2023. In short, within a month of being told to contact the merchants to ask for a refund, that's what Mr G did.

I can see that Mr G messaged the merchant in question twice after initially contacting them – on 10 July 2023 and 31 July 2023 – asking if there was any update and that he received no response. He's told us that it wasn't until he found another way of contacting the merchant – in September 2023 – that he got a response to his claim. I accept that this was the case and that it wasn't until 28 September 2023 that the merchant replied saying:

"We investigated the nature of the charges you reported and they seem to come from a fraudulent source. We blocked the account responsible for the unauthorized use of your payment method.

Unfortunately, we're unable to refund the disputed charges because they were made over 90 days ago. In this case, we strongly recommend reaching out to your financial institution for further assistance (e.g., filing a chargeback request). They may ask that you contact [us] first, so feel free to show them this conversation to confirm that you've already done so."

I can see that Mr G forwarded a screenshot of this conversation to Monese – as it had requested – and asked Monese to raise a chargeback. He did so on 3 October 2023.

On 26 October 2023 Monese told Mr G that it couldn't raise a chargeback as the transactions were more than 120 days' old. If that's right, then it means Mr G would have had to contact Monese no later than 26 August 2023 in order to have any chance of raising a chargeback. In other words, he was already too late to raise a chargeback by the time he had chased the merchant a third time having found another way to contact them and got a response. For the reasons I'm about to give, I don't think that was fair of Monese.

The transactions on Mr G's account that he disputed took place between 21 and 29 April 2023 and were reported by Mr G on 3 May 2023. In other words, promptly. Mr G then had to chase Monese for a response – and had to wait almost four weeks to be told that he should try contacting the merchants first. He contacted the merchants within a month and shortly after that one of the merchants had refunded him. He then spent a couple of months chasing the other merchant for a response, only to be told that although the transactions appeared to be fraudulent it couldn't refund them as they'd taken place more than 90 days earlier. He then contacted Monese – as requested – within a week.

Had Monese explained that there are strict time limits when it comes to chargebacks and / or that it had to raise a chargeback within 120 days, I'm satisfied that Mr G would have raised a chargeback with Monese earlier given that he acted promptly throughout the rest of the claim. I'm satisfied that the only reason why he didn't contact Monese earlier was because he'd not received a reply from the merchant and so didn't have the "evidence" that he'd been told Monese would use to help raise a chargeback claim and didn't realise there were strict deadlines. In fact, given that the merchant in question concluded that the transactions were likely fraudulent as they related to another account, the merchant was only ever going to give Mr G very limited information. For that reason, taking into account that the other merchant also concluded the transactions were likely fraudulent, I agree with our investigator that Monese could have submitted a claim earlier and would likely have been successful and didn't necessarily need more from Mr G. For example, in July 2023 once it knew the other merchant had refunded Mr G. In the circumstances, I also agree that Monese has in this case caused Mr G to miss out on claiming these funds back through the chargeback scheme – something it could have avoided had it explained to Mr G that there are strict time limits

involved.

Putting things right

For the reasons I've given, I agree that Monese should pay Mr G the money that he would likely have recovered had a chargeback been raised. In other words, that Monese should pay Mr G £433.88. I also agree that Monese should pay 8% simple interest on this amount from 26 August 2023 to the date of settlement. In other words, from the latest date Mr G could have submitted his claim. And I agree too that Monese should pay £100 in compensation for the trouble and upset caused.

My final decision

My final decision is that I'm upholding this complaint and require PrePay Technologies Limited to pay £433.88 plus 8% simple interest from 26 August 2023 to the date of settlement. In addition, I require PrePay Technologies Limited to pay Mr G £100 in compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 September 2024.

Nicolas Atkinson
Ombudsman