

## The complaint

Mrs U complains that Monzo Bank Ltd didn't initiate chargebacks on some transactions she made which turned out to be scams.

## What happened

The circumstances surrounding this complaint are well known to the parties, so I'll briefly summarise what I consider to be the key points.

Mrs U found some goods for sale through a popular social media website and decided to buy them. She made three debit card payments, using her Monzo debit card, to PayPal and the money was transferred to the merchant by PayPal.

Date	Payment type	Amount
2 October 2023	Debit card	£322.99
3 October 2023	Debit card	£347.78
4 October 2023	Debit card	£52.50

Mrs U says she was advised by PayPal to initiate a chargeback through Monzo, but Monzo said it couldn't do so because the relevant card scheme rules didn't provide for chargebacks in these circumstances.

Mrs U was unhappy with Monzo's response, particularly because she had been able to obtain a refund for a fourth payment she had made to the scammers using a debit card issued by a different bank and different card scheme. She said Monzo had not complied with the Contingent Reimbursement Model (CRM) Code and had not acted fairly by not raising chargebacks.

Our investigator didn't uphold Mrs U's complaint. She said there was nothing suspicious about the transactions, so she didn't think Monzo ought to have intervened to stop them or to provide warnings to Mrs U. She said the CRM code doesn't apply to debit card transactions. And she considered that because the payments to the merchants were made using PayPal, it appeared that chargeback requests couldn't be raised.

Mrs U provided detailed responses to the investigator's assessment. In summary, she considers that in accordance with the CRM code and as a matter of general fairness, Monzo ought to have attempted chargebacks. This is especially so because a chargeback was made by her other bank in relation to a fourth transaction she made to the scammer on 5 October 2023 and this chargeback was successful.

## 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've read Mrs U's detailed comments and submissions about her complaint but I have not responded to each and every point made, instead focusing on what I consider to be the key issues, as our rules allow me to do.

As the investigator explained, the CRM code doesn't apply to payments made by debit card, so it doesn't apply here. I also agree with the investigator that there was nothing suspicious about the transactions that meant Monzo ought to have intervened, for example by blocking the transactions or providing warnings to Mrs U. The transactions were not out of character for Mrs U's account or of a particular size or frequency that ought to have caused suspicion.

That really just leaves the issue of whether Monzo ought to have attempted chargebacks on these transactions.

If Mrs U had made the payment directly to the merchant using her debit card and the merchant had failed to provide the goods, then this would be straightforward and I would have expected Monzo to raise chargebacks. But in this case the money was paid to an intermediary, PayPal, and it was paid on to the scammers from PayPal.

The rules for the relevant card scheme don't allow for chargebacks where the payment has been successfully made to a staged digital wallet such as PayPal. So, I find Monzo was unable to raise chargebacks in the particular circumstances, despite PayPal having suggested to Mrs U that Monzo could do so.

On that basis, I think it was reasonable for Monzo not to have attempted chargebacks, despite the fact that Mrs U was able to obtain a refund, in similar circumstances, from her other card issuer, which was part of a different card scheme with different rules.

### **My final decision**

I do not uphold Mrs U's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs U to accept or reject my decision before 5 February 2025.

Greg Barham  
**Ombudsman**