

The complaint

Mr P complains that Monzo Bank Ltd (“Monzo”) hasn’t reimbursed money he lost to a scam.

What happened

In the summer of 2024, Mr P contacted Monzo and disputed several transactions that had been made on his Monzo debit card. He said the merchants took payments without his consent and told him they would refund him but then didn’t.

During Monzo’s investigations, Mr P acknowledged that he approved the transactions but was duped by scammers. He said he later found out that money launderers were using gambling sites (the merchants his payments went to), and although the funds were credited to a wallet in his name, he asked for the money to be returned to his Monzo account. But this didn’t happen.

Monzo investigated but didn’t uphold Mr P’s claim – it said the transactions were authorised and couldn’t be considered fraudulent. Mr P complained but Monzo maintained its stance. It did, however, pay £125 compensation in recognition of service failures.

Unhappy with this, Mr P referred his complaint to the Financial Ombudsman Service. Our Investigator didn’t uphold the complaint. They were satisfied that on balance the payments in dispute were authorised. The Investigator went on to consider whether Mr P had fallen victim to a scam and, if so, whether Monzo should have taken additional steps before processing the payments. But they weren’t persuaded that a scam had taken place. The Investigator also thought that the compensation Monzo had already paid was fair in the circumstances.

Mr P disagreed with the Investigator’s conclusions and asked for the matter to be decided by an ombudsman.

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’d like to start by thanking Mr P and Monzo for their patience while this complaint has been awaiting an ombudsman’s decision. I’m sorry to hear about Mr P’s circumstances and how this incident has impacted him, not just financially but also emotionally. I’d also like to reassure him and Monzo that although I’ve only summarised the background above, so not everything that happened or has been argued is mentioned, I have considered everything that our Service has been provided with in its entirety.

I’ll first address the issue of whether I think it would be fair to treat the disputed payments as authorised. The relevant law here is the Payment Services Regulations 2017. The starting point is that Mr P is responsible for a payment he authorised, and Monzo would generally be liable for an unauthorised payment.

Where evidence is incomplete or contradictory, I need to make a finding on the balance of probabilities and conclude what I think is more likely than not to have happened in light of the available evidence.

I've carefully considered Mr P's testimony. I note that although initially he said the payments were taken without his consent, he later told Monzo that he did approve the transactions but that he was duped. I think it's important to set out the difference between a fraudulent payment and a payment made as part of a scam, and how that links to what Mr P says happened. From what Mr P has said, it seems to me that he was aware he was making the disputed payments but that he thought he was paying merchants he understood were legitimate. It was after the payments were made that he appears to have discovered that the merchants might not have been operating legally.

As Mr P was expecting for his account to be debited when he approved the transactions, his account (or debit card) hasn't been fraudulently accessed, and he's not been the victim of 'unauthorised' transactions. Based on what he's told Monzo and our Service, he's alleging that he fell victim to a scam. But the payments would be deemed authorised and so I think it's fair for Monzo to treat them as such.

Notwithstanding the fact that the payments were authorised, Monzo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. From the information I've seen, none of the disputed payments triggered an alert on the bank's fraud detection systems. Having thought carefully about this, I don't think Monzo needed to do anything differently here.

I say this because I'm not persuaded that there's sufficient evidence to conclude that there was a risk of financial harm associated with the payments made. While I acknowledge Mr P feels strongly that he was duped, no scam warnings had been published about the merchants such that Monzo ought to have taken steps to prevent the payments from being made. I understand Mr P's concerns that the gambling merchants in question aren't regulated in the UK. But as the investigator explained, and I agree, this in and of itself doesn't automatically mean that the merchant is operating illegally.

While regulatory standards for platforms registered overseas might differ to those registered in the UK, and some poor practices might be at play, this doesn't necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

I note that Mr P has said his funds were credited to wallets in his name. It seems it was his decision not to touch the money and instead move it back to his bank account. I fully appreciate that he's experienced some difficulties in doing that and has been able to withdraw only a small amount. But, based on everything I seen, I can't fairly conclude that issues with withdrawal mean that he's been the victim of a scam.

Thinking next about recovery options once the matter was reported to Monzo, as Mr P is aware the only recourse available to him in the circumstances is raising a dispute through the chargeback scheme. The scheme, which is voluntary, is made up of rules and so payment service providers like Monzo are expected to follow them. This includes ensuring the chargeback is raised on valid ground and there's evidence to support the claim. I wouldn't expect Monzo to raise a chargeback if it's unlikely to succeed.

In this case, Mr P appears to have changed his mind after having concerns about the regulatory status of the merchants. But there's nothing to suggest that the money that was sent from his Monzo account didn't credit his wallet on the platform. In fact, Mr P has told us

it did. Having carefully considered the circumstances surrounding this complaint, I can't say Monzo has done anything wrong in not attempting a chargeback.

Monzo has, however, accepted that it could have dealt with Mr P's claim quicker and complied with call-back requests in a timely manner. Having given this careful thought, I consider £125 that the bank has paid is fair compensation to recognise any distress or inconvenience experienced by Mr P due to its actions. In reaching that conclusion I'm mindful that even without the service failures, for the reasons given above, the overall outcome to Mr P's claim would have been the same.

Overall, I realise that Mr P will be disappointed with this outcome. But I can only uphold his complaint if I find that Monzo should not have processed the payments in the first instance or should have done more to recover the money once it was notified of the matter. For the reasons given, I don't find that the bank has acted unfairly in either instance.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 January 2026.

Gagandeep Singh
Ombudsman