

## **The complaint**

Miss S complains that Monzo Bank Ltd won't refund money she lost when she was the victim of a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat everything here. However, in summary Miss S says she was invited to attend a photoshoot in March 2024. She paid a deposit of £50 through a money transfer service ("P") and was told this would be refunded if she attended the shoot. She was also told that she wouldn't have to pay for anything further but following the shoot she was pressured into purchasing a package with the company and paid an initial amount of £200 towards it. She also agreed to set up a direct debit for the rest of the payments. She was told that the package included job offers with retailers. Miss S has advised that the package was "useless". She was also unhappy with the quality of the photos provided. She believes she was scammed by the company. She was able to get her deposit back from P and would like Monzo to refund the £200 she paid using her card.

Miss S raised a complaint with Monzo. It didn't think it had done anything wrong by allowing the payment to go through. It believed this was a civil dispute rather than a scam. It acknowledged that there were some delays in dealing with Miss S's complaint and offered £25 compensation for the distress it had caused. Miss S brought her complaint to our service.

Our Investigator looked into the complaint but didn't uphold it. Our Investigator didn't think the payment Miss S made was unusual and so he didn't feel Monzo should have identified a scam risk. Miss S didn't agree. She said, in summary, that Monzo should refund the money lost to the scam as she hadn't received the service she had paid for. She had also received a refund of the deposit from P so felt Monzo should do the same. She highlighted other firms who had also refunded customers in similar situations. She was also unhappy that Monzo hadn't raised a chargeback in the circumstances and thought that if they had done this, she would have received a refund of her losses.

Miss S's complaint has now been passed to me for review and a 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.

I'm sorry to hear of what's happened to Miss S, and I understand why she feels the money should be refunded. However, I don't find that Monzo has acted unfairly in declining Miss S's claim and deciding not to refund the money. I'll explain why.

Miss S has advised that other firms have refunded customers in similar circumstances as her. I can't comment on individual cases. We look at complaints on a case-by-case basis and consider the unique circumstances of each case before reaching a decision.

Whether someone has been scammed, or the matter is a civil dispute can be finely balanced. In this instance Miss S knowingly made the payments, so it's an authorised push payment (APP). But for me to be satisfied someone has been the victim of an APP scam, I need evidence to show the customer has been dishonestly deceived about the purpose of the payments at the time they were made. However, I don't have sufficient evidence to show Miss S was dishonestly deceived at the time. The documents supplied by Miss S make it clear that the package didn't need to be purchased and that it was non-refundable. And although Miss S is unhappy with the quality of the photos and service provided, I can't reasonably conclude that she has fallen victim to a scam. However, I don't think this makes a difference to the outcome of Miss S's complaint because, like the Investigator, I don't think Monzo ought reasonably to have identified the payment as suspicious or out of character, such that it ought to have intervened. So, I'm going to proceed on the basis that Miss S did suffer a loss to the scam she's described.

In broad terms, the starting position at law is that a bank such as Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in March 2024 that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

Taking the above into consideration, in this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss S when the transaction was made, or whether it should have done more than it did.

I've reviewed Miss S's account statements, and I can't conclude that the payment made to the scam would have looked particularly unusual or suspicious to Monzo. Although I appreciate that a payment of £200 may have represented a lot of money to Miss S, it was simply not of a value where I'd usually expect Monzo to be concerned that Miss S was at a heightened risk of financial harm. Miss S had only made one payment, rather than multiple payments in quick succession, which can sometimes indicate a customer is falling for a

scam, so it would have been difficult for Monzo to identify that a scam was unfolding based on the circumstances.

I've kept in mind that banks such as Monzo process high volumes of transactions each day. There is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. And taking all the circumstances into account here, I don't think it was unreasonable for Monzo not to view the payment as suspicious, such that it should have carried out any additional checks or given an additional warning before processing the payment. So, I've not found that Monzo ought to have done any more to prevent the scam payment Miss S made.

There was some delay in dealing with Miss S's claim and some confusion around questions which Monzo has asked Miss S. It offered £25 compensation which I think is fair in the circumstances of this complaint.

*Could Monzo have done more to recover Miss S's funds?*

I've thought about whether Monzo could have done more to recover Miss S's payment.

After the debit card payment was made, the only potential avenue for recovery of the payment would have been through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Monzo is bound by the card scheme provider's chargeback rules. It is not a guaranteed way of getting a refund and there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'.

Our role in such cases is not to second-guess the card scheme rules, but to determine whether the regulated card issuer, so here Monzo, acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its customer.

I can see that Monzo did not attempt a chargeback claim. It explained this was because Miss S had paid the company for her photos and had received them. It didn't think it had enough to raise a successful chargeback. I don't think this was unreasonable as although Miss S was unhappy with the service she was provided, she did receive the goods she paid for, so there was very little chance of the chargeback succeeding.

I'm sorry to disappoint Miss S further but it would only be fair for me to ask Monzo to refund the payment if I thought it had been lost as the result of a scam and that Monzo was responsible for it. As I'm not persuaded that this was the case, I don't think Monzo needs to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 August 2025.

Aleya Khanom  
**Ombudsman**