

The complaint

Mr D complains that Monzo Bank Ltd (Monzo) didn't stop him from being charged £1,293.93 for a transaction that he says he didn't authorise

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here.

Mr D describes the incident as follows. Mr D initially attempted a contactless transaction which was declined, the seller then prompted Mr D to enter his PIN. Mr D says that the terminal displayed the amount he was expecting to pay (around £6.47 in a foreign currency). He says the payment went through and he later discovered that he had been charged an additional £1,293.93.

Mr D says that as the transactions occurred in quick succession, for different merchants and locations and the amount he was charged was so large (and out of step with his regular spending) that this should have alerted Monzo to the fact he was being scammed. As Mr D feels that the transaction is clearly a scam and Monzo didn't intervene to stop the transaction he feels that Monzo should refund him the amount charged.

Monzo believe that they acted fairly by allowing the transaction to occur and not intervening. The investigator agreed that Monzo didn't need to do anything more here. As Mr D didn't accept the investigator's findings this complaint has been passed to me for 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. I'd like to assure both parties I've considered everything they have sent.

I accept that Mr D has been a victim of a fraud here, but unfortunately that isn't enough for me to say Monzo is responsible for refunding the amount Mr D lost out because of the fraud.

When an account holder raises concerns about a transaction I'd expect the card issuer (in this case Monzo) to investigate the situation to see if it has any responsibility for refunding the disputed amount. It may need to refund the customer if they didn't authorise the transaction or if it didn't intervene in the payment to check it was one the customer wanted to make when it ought fairly to have done so. In some circumstances a card issuer can also ask for a transaction to be refunded through the chargeback process operated by the card scheme.

Considering the above I've carefully reviewed the information given to see whether Monzo has treated Mr D fairly by declining his claim for a refund of the £1,293.93 transaction he's

disputing. I'll also address the chargeback process and why it isn't applicable in the circumstances here.

Did Mr D authorise the transaction?

Generally a bank is expected to process transactions that a customer authorised it to make, in accordance with the relevant Payment Services Regulation (PSRs) and the terms and conditions of the account. I've taken that into account when deciding what's fair and reasonable in this case.

The PSRs define what is meant by an authorised and unauthorised transaction and broadly say that Monzo would only be required to refund Mr D if he didn't make or authorise the disputed transaction himself. If Mr D did authorise the transactions Monzo aren't expected to refund it.

Authorisation in this context carries a narrow meaning. The transaction is considered authorised if Mr D authenticated and consented to the transaction. This is the case even if Mr D didn't know or consent to the amount he was charged, I've considered if under the PSRs Monzo fairly treated the transaction as authorised.

Mr D has described the incident as "Initially, I tapped my card, but the transaction was declined, and the seller prompted me to insert the card. I then inserted the card, entered my PIN, and confirmed the amount displayed on the screen—R\$50. However, shortly after, I checked my account and discovered that R\$10,000 (BRL) had been debited. Three separate transactions were processed within the same minute, all reflecting different merchant addresses. This is clearly indicative of a scam or fraudulent activity: - First transaction of R\$50 debited - reflecting the first tap - Second transaction of R\$50 credit - reflecting the cancellation of the first debit - Third transaction of R\$10,000 debit - reflecting the fraudulent activity".

The Audit Notes from Monzo show the transaction of £1,293.93 occurs at roughly the same time as the £6.47 payment (37 seconds later). Mr D has also said that he entered the PIN once and that it had the correct number (£6.47) on screen. By way of an explanation as to how the scammer may have been able to use his PIN and card to complete the £1,293.93 transaction, he says he doesn't know and maybe the seller noted the PIN or the terminal copies it. Monzo's Audit Notes show that the unique chip associated with Mr D's specific card was used to verify both transactions.

I'm persuaded by Monzo's Audit Notes that the disputed transaction occurred roughly 37 seconds after Mr D had successfully entered his card and PIN to authorise the £6.47 transaction. And I am not persuaded that it is more likely that Mr D gave his card away allowing the scammer to use his card and PIN to complete another transaction.

It's difficult to say with any certainty what happened here, it is possible that Mr D entered his PIN more than once, and forgot that he did so. The terminal could also have been tampered with and showed the incorrect amount. What isn't in dispute is that Mr D used his card and PIN to authorise a transaction roughly 37 seconds before the disputed transaction which he isn't disputing. And I haven't been provided with enough to say that both Mr D's card and PIN were compromised allowing the fraudster to complete the transaction. I'm therefore persuaded on balance Mr D used his card and PIN to complete the transaction.

It's also worth noting how narrowly the PSRs define consent. They say a consumer's consent "must be given in the form, and in accordance with the procedure, agreed between the payer and its payment service provider" (PSR 2017 R.67(2)(b)).

So the ways a consumer can give consent should be set out in the terms and conditions of the account. The concept of consent is a formal one – if the agreed form and procedure for making payment orders then they have given consent to the execution of the payment transaction.

This is an objective test, and it doesn't depend on the consumer being fully aware of the details of the payment at the time. Simply put, if the bank receives a request from its customer to make a payment – in line with the terms and conditions of the account, then it is fair for them to consider the transaction as consented to and therefore authorised. And it's not disputed that the disputed transaction was completed by Chip and PIN which is a method both Mr D and Monzo agreed to.

I'm sympathetic to Mr D's circumstances. Mr D is adamant that he only bought a drink from the seller (and provided Monzo with a picture of the drink he purchased). However as it appears Mr D card and PIN were used to complete the disputed transaction and I'm persuaded on balance this was done by Mr D, I'm therefore satisfied that the transaction was authorised. And in the circumstances Monzo aren't obligated to refund the transaction under the PSRs.

Should Monzo have intervened to stop the transaction at the time

Monzo should have fair and reasonable systems in place to detect unusual transactions or other signs that might suggest its customers are at risk of fraud. Monzo should also in some circumstances take additional steps and/or checks before processing a payment or in some cases decline to make a payment at all, to help protect customers from financial harm and fraud.

Mr D has been using the account in the country the disputed transaction occurred (based on the transactions on his bank statement), so I don't think the fact the disputed transaction occurred overseas ought to have concerned Monzo. Mr D has also said that the transaction amount was out of step with his normal spending. Based on the limited historic transaction data I've been provided I agree that it wasn't normal for Mr D to spend this amount on a single transaction. However, given that Mr D had sufficient funds in his account to cover the transaction, and it didn't make his account overdrawn. I can't say Monzo acted unfairly by not intervening. I understand that Mr D has said that the transaction caused him to become overdrawn. However, from reviewing his bank statement, I can't see that his account was without funds during this time even following the transaction. It looks like after the transaction he still had around £185 in his account.

Mr D has also said that the circumstances of the transaction means that Monzo should have intervened as a rejected payment of £6.47 occurred within the same minute (roughly 37 seconds before). The transactions appear to have occurred at different locations – based on screenshots Mr D has provided showing where the merchant is based. Mr D says that as these three transactions (the £6.47 payment attempt, the £6.47 payment refund, £1,293.93 successful payment) occurred during the same minute Monzo should have intervened.

It isn't uncommon for payment terminals to be registered at different addresses, and that these addresses could be at a separate location to where the transaction actually took place. Monzo have said that it is quite rare for a transaction to show the precise location the payment was made. So I don't think the location data is reliable enough for me to say Monzo should have been concerned and intervened.

For the reasons explained, looking at the circumstances of the transaction as a whole, I don't find that Monzo acted unfairly by not intervening.

Chargeback

When someone buys something with their debit card and something goes wrong, in certain circumstances their bank can help them obtain a refund through raising a chargeback.

The chargeback process is run by the relevant card scheme in this case, that would be Mastercard. As it is a voluntary scheme, a customer cannot insist their bank attempt a chargeback. But if it was able to, I'd expect it to attempt one if there was a reasonable prospect of the chargeback succeeding, as a matter of good practice. Likewise, if a claim does not have reasonable prospects of succeeding from the outset, I would not consider it unreasonable if a bank chooses not to raise a chargeback.

It's important to note that chargebacks are decided based on the relevant card scheme's rules, which lay down strict conditions that must be satisfied for a chargeback claim to be successful. As the card schemes are outside the jurisdiction of the Financial Ombudsman Service, I cannot ask a scheme provider to run its chargeback scheme in any particular way.

However, I can consider whether Monzo applied the scheme rules correctly and conducted the chargeback process fairly.

Mr D is adamant that he didn't authorise the transaction and only approved the first transaction. The chargeback rules specifically exclude these sorts of circumstances and crucially Mr D's card was read (based on Monzo's Audit Notes – which say that the unique chip associated with Mr D's card was read). In this situation a chargeback cannot be raised as the rules do not cover it.

There is an additional chargeback condition which a chargeback claim can be raised, if Mr D was charged the incorrect amount. Mr D isn't saying he was charged the incorrect amount for the drink. Based on the audit notes it appears he was charged £6.47 for a drink that was refunded to him, and he was then charged £1,293.93. As this all happened within the same minute I have however considered if a chargeback can be raised for Mr D being charged the incorrect amount.

This specific reason code is "cardholder contacted the issuer claiming the cardholder was billed an incorrect amount". The chargeback rules go on to explain that to raise a chargeback under this condition a receipt or invoice including the correct transaction amount is required. Without this documentation, which Mr D has confirmed he doesn't have, all the merchant or merchant's bank needs to do is respond saying Monzo hasn't supplied the documentation needed to meet the chargeback requirements and the chargeback would have been rejected.

I appreciate Mr D feels that the onus shouldn't just be on him to provide the documentation, and that the absence of further documentation from the merchant should be taken into account. However, the criteria for a chargeback claim is set by the card scheme, for the reasons explained, I don't think there was any reasonable prospect of the chargeback succeeding. It follows that I don't think Monzo acted unfairly by not raising a chargeback.

Blocking of Mr D's card

Mr D is also unhappy that his card was blocked following the transaction. Monzo has explained that this is part of their process following a fraudulent transaction and have explained that Mr D could have contacted them to unblock his card temporarily. Monzo have also said that they did subsequently unblock Mr D's card.

I want to firstly acknowledge that this would have been a very stressful time for Mr D especially as he was abroad and told us he had limited funds following the disputed transaction. However Monzo have provided a copy of the chat where they said they could “unblock [Mr D’s] card for ten minutes at a time so [he’d] be able to make any transfers, withdrawals or payments [he] might need while [he] was abroad” – and that Mr D responded by saying that this is not helpful and to not contact him unless they have a solution to his account and the money is back in his account. Monzo also reiterated this in their response to Mr D’s complaint, saying they would do everything they can to help if Mr D needed money urgently from his account. Both of these responses by Monzo were provided fairly quickly after the disputed transaction occurred and was reported to them. And I can’t see that Mr D made use of this option.

Given that Monzo responded fairly quickly and provided Mr D with options of how to access his funds I don’t think they acted unfairly in their decision around blocking and unblocking Mr D’s card.

Overall

Our service’s role isn’t to determine if Mr D was the victim of a scam, I’m limited to only commenting on Monzo’s actions here and if they acted fairly.

I’ve no reason to doubt that Mr D was the victim of a scam, however it doesn’t follow that Mr D proving he’s the victim of a scam automatically entitles him to a refund from Monzo.

Following the provisional decision Mr D said that he finds it disgusting that we and Monzo didn’t request any information from the scammer and had we done so their lack of response would have resulted in a refund for him.

However, having carefully considered these matters, I can’t fairly say that Monzo must refund this payment when the relevant law, rules and codes of practice do not place that responsibility on them to do so or for them to reach out to the scammer. As such, I can’t agree Monzo made a mistake by declining to provide a refund to Mr D.

My final decision

My final decision is that I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 25 July 2025.

Sureeni Weerasinghe

Ombudsman