DRN-5485540

The complaint

Miss G complains Monzo Bank Ltd won't refund the money she sent to an online casino which she now thinks was operating a scam.

What happened

In June 2024, Miss G used her Monzo card to deposit funds with an online casino ("O"). But when she tried to withdraw from the platform, she found she couldn't do so. She says O told her Monzo was blocking them from sending her money. She then looked up O and found reports online deeming them a scam. She says they called her harassing her to deposit more funds – then blocked her account.

Miss G disputed the payments with Monzo. It paid her £50 compensation for its delay looking into things, but didn't agree to refund the payments. It said it didn't accept the method through which the incoming payments from O had been sent for "operational reasons"; it was difficult to spot scams in circumstances like this; and it couldn't successfully dispute the payments through the chargeback scheme.

Unhappy that Monzo wouldn't refund her, Miss G referred the matter to our service. She said another bank she had used to pay O had refunded her. She also said O had used different merchants to collect the payments to avoid gambling blocks – as the Merchant Categorisation Codes (MCCs) used didn't reflect that the payments were related to gambling.

The investigator wasn't persuaded that, in the event O were a scam, this would have been clear at the time – so didn't think Monzo should reasonably have prevented Miss G from making the payments. But he thought Monzo should have been able to dispute the payments through the chargeback scheme due to the MCCs used by the merchants.

Monzo responded that, under the rules set by Mastercard (which apply here), it would only have chargeback rights if the payments hadn't been deposited. But Miss G wasn't disputing that her deposits were credited to her O account; instead, she was alleging she was blocked from accessing her winnings. It said it couldn't have successfully claimed these payments back on those grounds. Our investigator ultimately agreed with Monzo on this point.

Miss G has appealed the investigator's outcome. In summary, she says Monzo should have tried raising the claims as another bank claimed successfully based on the same evidence. She also says Monzo refunded one of the payments, and that it took too long to raise her dispute – before then declining her one hour later.

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.

Having done so, I've decided not to uphold it. I appreciate this will be disappointing for Miss G. I've explained how I've reached my conclusions below.

Under the relevant regulations, the Payment Service Regulations 2017 (PSRs), Monzo has a duty to act on authorised payment instructions without undue delay. So, as Miss G has confirmed making these payments, she is liable for them in the first instance.

There are some situations where I would expect Monzo to look into the circumstances of a payment before deciding whether to process it – such as if there were grounds to suspect its customer was at risk from fraud. If Monzo failed to respond proportionately to such a risk, and that failure caused Miss G to incur a fraudulent loss, it may be fair to hold it liable.

It's not particularly clear to me whether O defrauded Miss G. While there are reviews online deeming them a scam, there are other reviews contradicting this. It also seems Miss G was able to use O's services to play games on the casino website. There is also some evidence to support that O did (at least initially) attempt to fulfil the withdrawal request – albeit I appreciate it seems they later blocked Miss G's account.

Based on the available information, I'm not persuaded it's been shown to be more likely than not O were a scam. Regardless, even if Monzo had stopped some of these payments to find out more about what Miss G was doing, I'm not persuaded this would have prevented her from proceeding. It appears she didn't have issues with O until she ran into difficulty withdrawing from the platform. So, I don't think Monzo would have had reason to suspect she may have been falling victim to a scam.

I've therefore gone on to consider Monzo's actions when Miss G reported her dispute. I know she's unhappy with the delay looking into her claim. Monzo has already paid her £50 compensation for this. While I appreciate the delay was frustrating, I've not seen anything which persuades me more compensation is warranted; I think this seems to be a fair reflection of the distress and inconvenience Miss G suffered as a result.

However, I've considered whether Monzo wrongly missed an opportunity to recover more of Miss G's loss through the chargeback scheme. This is a voluntary scheme for payment disputes between payees and merchants. The rules setting out when claims can be made/should succeed are set by the card-scheme provider – which in this case is Mastercard.

As the chargeback the scheme is voluntary, banks aren't obliged to raise chargeback claims for every dispute a customer reports. But I'd consider it good practice to put a claim forward if it seemed likely to succeed under the scheme rules.

I appreciate Miss G says one payment was refunded. Looking at the timings, it appears this may have been a bounced payment or a temporary credit; I'm not persuaded it was a successful refund through the chargeback scheme. I also know Miss G succeeded in getting a refund for some payments sent to O via another account provider. However, looking at the information available to Monzo at the time, I don't think it was unreasonable for it not to put forward further claims.

I do appreciate that Mastercard's scheme offers some recourse when a merchant doesn't provide the goods and services expected. But the rules also set out certain limitations and conditions for claiming. One of those is that, in relation to gambling-related purchases, the chargeback right is only available for a transaction in which the purchased value or assets failed to appear in the account agreed to between the cardholder and the merchant. The rules also specify that chargebacks aren't available for refunds, withdrawals, winnings or "subsequent use".

There are indications the initial withdrawal attempt may have been blocked by Monzo due to the transaction method O used. But I can see Monzo suggested alternatives, and I know Miss G used another account to pay O – meaning she may have had other options available to attempt a withdrawal. However, from what Miss G has told us, O didn't cooperate and ultimately blocked her account. So, I accept they likely did prevent her from withdrawing her funds.

However, given what Mastercard's rules set out about when a chargeback can be raised for gambling, I consider it reasonable Monzo didn't pursue these claims – even though another firm may have attempted and succeeded. I don't think the withdrawal issues gave rise to a valid claim under the rules, nor did the issue Miss G has raised about the MCCs the merchants used.

Overall, as it's agreed the funds were initially loaded to Miss G's account with O, I think it was reasonable for Monzo to conclude the claims were unlikely to succeed – and to therefore decide not to pursue these claims.

As I've not found Monzo made any failings which caused or contributed to the loss Miss G is seeking to recover, and as I think it has already fairly compensated her for its service failings, I'm not upholding her complaint.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 September 2025.

Rachel Loughlin
Ombudsman