

## The complaint

Mr S complains that Monzo Bank Ltd won't refund the money he lost as the result of a scam.

Mr S brought his complaint to this service through a representative. For ease of reading I will refer solely to Mr S in this decision.

## What happened

As both parties are familiar with the details of the scam, I won't repeat them in full here. In summary, Mr S made seven debit card payments to a legitimate travel agent based abroad having been led to believe that a company, which I'll refer to as 'T', was arranging ten flights on his behalf. In fact, he'd been in contact with a scammer, and didn't get the flights he paid for.

| payment | date       | value     | time  |
|---------|------------|-----------|-------|
| 1       | 04/09/2024 | £637.66   | 14:49 |
| 2       | 05/09/2024 | £1,231.15 | 11:39 |
| 3       | 05/09/2024 | £672.39   | 11:49 |
| 4       | 05/09/2024 | £581.93   | 11:54 |
| 5       | 05/09/2024 | £525.06   | 12:03 |
| 6       | 06/09/2024 | £662.64   | 11:54 |
| 7       | 06/09/2024 | £1,654.20 | 16:03 |

Monzo refused to refund the payments saying Mr S didn't do enough to check who he was paying and what for. And a chargeback claim would not have succeeded as the merchant did nothing wrong. Unhappy with this response Mr S came to this service.

Our investigator upheld Mr S's complaint in part. He said Monzo ought to have intervened at the time of payment five. Had it done so it would likely have broken the spell of the scam. But as Mr S could also have done more to prevent his loss, he should share liability for the payments 5,6 and 7. He also awarded Mr S £100 compensation for the trouble and upset he suffered when reporting the scam to Monzo.

Monzo accepted this assessment, but Mr S asked for an ombudsman's review. He wanted to flag the severity of the impact that the scam has had on his mental health.

## 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.

To note, as the payments were made by debit card the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case.

There's no dispute that Mr S made and authorised the payments. Mr S knew who he was paying, and the reason why. At the stage he was making these payments, he believed he was buying flights tickets. I don't dispute Mr S was scammed, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017. But it doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that by September 2024 Monzo should fairly and reasonably:

- 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.

In this context I find Monzo can be held liable in part for Mr S's losses from payment 5 onwards. I'll explain why.

By payment 5 I think there were enough characteristics of a suspicious pattern emerging that Monzo ought to have contacted Mr S before processing the payment. I say this as the funds were not being sent to an established payee; payments 2 to 5 were made in rapid succession; the payee was international potentially bringing more complications. To be clear, it is these factors combined that created the need for intervention from the bank rather than any one in isolation. I accept there was also no payment history on the account to use a comparison point. But I find that is another reason why this should have been deemed suspicious. There was one faster payment in followed by a rapid succession of payments out to a new payee after months of inactivity.

This means I need to decide what the impact of a proportionate intervention would most likely have been. Had Monzo asked a series of question to establish the basic context of the payment it, as the fraud expert, would most likely have identified the hallmarks of a flight purchase scam. I say this as Mr S understood he was buying flights on the national carrier through an UK company 'T' yet the recipient account was a completely unrelated travel agent overseas. He was buying ten tickets yet there was no correlation between the prices and the separate payments he was making. And he had received no e-tickets in return for payments 1 to 4.

I have seen no evidence to suggest that Mr S would not have listened to the bank had it given him a tailored warning, meaning it could have prevented payments 5 to 7.

I have then considered whether Mr S should share any responsibility for his loss by way of contributory negligence. Accepting he is not the fraud expert, that is the role of Monzo, I think he should be held equally liable. He says he checked 'T' was registered at Companies

house. But there were many negative online reviews about 'T' with people complaining that they never received tickets, had problems getting refunds or were over charged. Mr S was flying long haul with the national carrier - the ticket prices were low in that context. The scammer also used the wrong name for the airline at times which should have been another red flag. And he was asked to pay an unrelated overseas agency in 'odd' amounts.

I think as Mr S was willing to go ahead without addressing any of these issues, he should share the liability equally.

It follows I find Monzo should refund 50% of payments 5 to 7 to Mr S.

I have then looked at whether Monzo did what we would expect to try to recover the money once the scam was reported.

Given the payments were made by debit card, I've considered whether Monzo ought to have pursued a chargeback claim. This is a voluntary scheme run by the card issuer which can provide a refund in certain circumstances.

I'd only expect Monzo to have pursued this if there was a reasonable chance of it succeeding. Bearing in mind the specific rules of the scheme, I don't think that was the case here. That's given how the payments were made (they used additional verification '3D Secure') and the fact they went to a legitimate merchant, who most likely did provide the service paid for, albeit not to Mr S.

Finally, the investigator recommended Monzo pay £100 compensation for the trouble and upset Mr S suffered during the time Monzo was investigating the disputed transactions. It has agreed to pay this sum. I find this to be fair as its communications could have been clearer. Mr S had to repeatedly submit forms and he was not told promptly that a chargeback claim would not be progressed. The situation could have been managed more effectively which would have reduced the stress on Mr S.

I am sorry Mr S has been the victim of a cruel scam and that this severely impacted his mental health. I hope he now has the support he needs, if not he could contact MIND on 0300 102 1234 for guidance

### **Putting things right**

Monzo must:

- Refund 50% of £2,841.90 (so £1,420.95)\*
- Pay £100 compensation for the trouble and upset caused during the investigation into the disputed transactions.

\*There is no interest award as Mr S has told us he funded the payments by borrowing from family. As they are not party to this complaint, I cannot award them compensatory interest.

### **My final decision**

I am upholding Mr S's complaint in part. Monzo Bank Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 October 2025.

Rebecca Connelley  
**Ombudsman**