

The complaint

Ms S complains that Monzo Bank Ltd didn't do enough to help her recover the money she lost when she was overcharged by a merchant abroad.

What happened

Ms S was abroad and picked up a taxi in the street. She recalls that when she came to pay, the payment terminal showed an amount of 150 MX\$ (approximately £6), but she later discovered she was charged 8000 MX\$, which equated to £316. Ms S recalls that the driver said the terminal had a poor internet connection, but she now thinks this was a distraction technique allowing the driver time to take advantage of her by changing the amount. Ms S became suspicious about the interaction when the driver sped off.

Ms S contacted Monzo whilst the transaction was still pending, and she reported it to the local Police. Ms S has explained that it was exhausting to deal with Monzo because the bank didn't make any real effort to look into the situation. She says Monzo wasted her time and didn't take the claim seriously. In its final response, Monzo explained that it needed specific evidence in order to take the dispute further. Unhappy with the bank's position, Ms S referred the matter to us.

Our Investigator considered the complaint and recommended that it should be upheld. In summary, she said that by not raising a chargeback, Monzo had deprived Ms S of the opportunity to try and recover the money. She thought the amount Ms S had been charged was so unlikely for a legitimate journey of this duration and concluded it was more likely than not that she would have been able to get the money back.

Ms S accepted the Investigator's view, but Monzo didn't. In summary, it said that it couldn't have raised a chargeback that was speculative and didn't meet the criteria set in the card scheme's rules. It felt it was not feasible to proceed with a chargeback when Ms S didn't have the evidence required by the card scheme's rules. It suggested that any claim that it had raised would have been invalid and automatically rejected by the card scheme without being put to the merchant for review.

Our Investigator was not persuaded. She pointed out the card terminal didn't offer a receipt, so it would not have been possible for Ms S to obtain the evidence that's been asked of her. As no agreement has been reached, the complaint has been referred to me to decide.

My provisional decision

I issued a provisional decision in April 2025 setting out why I wasn't minded to uphold this complaint. I've reproduced my provisional findings below:

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 am currently minded not to uphold it. I know this is going to come as very disappointing news to Ms S. There's no question that she's out of pocket and I do appreciate

that having to stand a loss when you've acted in good faith is hard to accept. So I will explain why this outcome is fair and reasonable in the circumstances.

The amount charged for this taxi journey is high. I accept that Ms S has been the unwitting victim of sharp practice from the merchant. But unfortunately, that alone isn't enough for me to say Monzo must take responsibility for refunding the loss.

When an account holder raises concerns about a transaction, I'd expect their card issuer to look into the situation further to see whether it has any responsibility for refunding the amount in dispute. It may need to provide a refund if its customer didn't authorise the transaction, or if it didn't intervene in the payment to check it was one its customer wanted to make when it ought fairly to have done so. In some circumstances, a card issuer can ask for a transaction its customer made to be refunded through the chargeback process operated by the card scheme.

I have considered whether Monzo has treated Ms S fairly by declining her claim for a refund. I'll address each potential avenue of redress for Ms S in turn and explain why it isn't applicable on the circumstances here.

Was the transaction authorised?

First, Ms S, in line with the Payment Services Regulations 2017 and the terms of her account, is generally responsible for transactions made using her payment tools which she authorises. Authorisation here carries a narrow meaning.

Here, there's no dispute that Ms S used her card and entered her PIN when she made the transaction in the taxi. The fact Ms S believed the payment to be for another, much lower, amount does not invalidate that authorisation. So, as a starting point, Monzo can hold Ms S responsible for the payment.

Should Monzo have intervened in the transaction at the time?

I'm also mindful that Monzo should fairly and reasonably 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). And in some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I've looked at Ms S's bank statements for the months leading up to when the disputed payment was made. I can see that Ms S tends to make frequent, low value transactions. Although I can see this particular transaction was higher than the types of transaction that were typically made on Ms S's account, I don't think its size alone was necessarily enough to cause Monzo concern. In addition, previous transactions have occasionally been made abroad so I don't think the fact the card was being used in another country ought to have concerned Monzo either. Overall, I don't think the transaction was unusual or suspicious enough that Monzo ought to have intervened or declined it at the time that it was made.

Chargeback

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme (in this case Mastercard's) rules. What this means is that Monzo can in certain circumstances ask for a payment made to be refunded.

A chargeback isn't guaranteed to result in a refund. There needs to be a right to a chargeback under the card scheme rules and under those rules the merchant can defend a chargeback if it doesn't agree with the request.

There is no obligation for a card issuer to raise a chargeback when a consumer asks for one. But I would consider it good practice for a chargeback to be attempted where the right exists and it is reasonable to do so.

Our Investigator was particularly mindful that sharp practice tantamount to a scam had taken place. Against this backdrop, I can see why she wanted to ensure that Monzo had done all it reasonably could to help in this situation.

But Monzo has explained that the chargeback reasons our Investigator had suggested didn't apply here because Ms S doesn't have any supporting documentation as required by the card scheme rules. Without this documentation, all the merchant or merchant's bank needed to do was respond advising Monzo hadn't supplied the documentation needed to meet the chargeback requirements and the chargeback would have been rejected.

As such, I'm satisfied that Monzo didn't make any errors by not disputing this payment through the chargeback scheme as I don't think there was any reasonable prospect of a chargeback succeeding. I say this because I agree that the card scheme rules required Ms S to provide supporting evidence of what the correct transaction amount should have been. Ms S's testimony of what the fare should have been or a common-sense approach to the cost of a metered fare for a journey of this distance is not sufficient to meet the card scheme's rules.

I have thought carefully about the type of terminal Ms S recalls the merchant used and the lack of opportunity to obtain a paper receipt. But the criteria for a chargeback claim is set by the card scheme, meaning there are only limited grounds and limited forms of evidence for a chargeback to be considered valid. This is why I am unable to conclude that Monzo has treated Ms S unfairly by not disputing this payment through the chargeback scheme when there wasn't any realistic prospect of a chargeback succeeding. From what I have seen, I think it is more likely than not that a chargeback that was presented without the required supporting evidence would have been considered invalid.

Overall

I have every sympathy for Ms S as the particular circumstances of this case mean she is afforded little protection and I know my outcome will not feel fair to her because it is clear that she's lost out financially. But, having considered these matters carefully, 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 it. When making a payment a cardholder is, in effect, giving their card issuer authority to pay the merchant and to debit the card account. The only way for Monzo to try and recover a disputed debit card payment is through the chargeback scheme. On this occasion, Monzo was not able to instigate that process, for the reasons I've explained above. As such, I can't agree Monzo made a mistake or that it should have done more to assist.

Responses to my provisional decision

Monzo didn't respond to my provisional decision.

Ms S was disappointed to learn of my intended position. In summary, she explained that she accepts tourists can be targeted abroad and her frustration is with how Monzo handled the situation. She doesn't believe she was given a fair chance to claim compensation and was

hoping for some recognition of the poor level of support and compensation for the time she wasted trying to get Monzo to take the claim seriously.

Ms S explained that the only way of explaining what had happened was to submit a dispute claim. She suggested that if Monzo had been more responsive, perhaps something could have been done right after the payment went through. She highlighted that she proactively used some of her remaining time abroad to get a Police report assuming it would be relevant information that she had been the victim of a fraud, then got it translated from Spanish to try and raise a further claim. Ms S says this information would have been relevant to the card scheme but Monzo decided it wasn't worth sharing with them, denying her the possibility of being refunded.

Ms S said that as a victim of fraud, it should have been her right as a consumer to at least be able to reach out to the card scheme to present the case, as she could have been eligible for a chargeback.

Ms S highlighted that the number of different people handling the claim made the process exhausting. She explained that she spoke to about 30 different people on Monzo's chat, suggested the bank was being obstructive to wear her down so she would give up.

As the deadline for both parties to respond has now passed, I must go on to make my final 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've thought carefully about everything Ms S has said in response to my provisional decision. I am sorry to disappoint her once more. I accept that Ms S has been an unwitting victim, and I do understand this overall situation does not feel fair to her. She's lost out and feels that Monzo did not do all that it could or should have done to assist her. But even after considering her points, there's still no basis on which I could fairly say Monzo must refund her loss or pay her compensation.

Ms S has highlighted that Monzo was not responsive enough immediately after the fraud had happened. Although the dispute claim wasn't what Ms S was expecting to happen, there was nothing Monzo could have been done right after the payment went through to stop it. At this point the card payment would have been pending, meaning the transaction had been authorised but not fully processed. The amount was blocked from Ms S's account balance to fund the transaction that had been made. Monzo could not have overridden this, it could only have been cancelled or reversed at the request of the merchant. Even if Monzo had told Ms S this at the time, I'm not persuaded that Ms S would have been able to track the taxi driver down or that the taxi driver would have agreed to cancel or reverse the payment. I'm also mindful that Ms S may not have wished to pursue this line of action even if she had been aware of it, given that she was in a foreign country and may have been placing herself in danger.

Ms S has highlighted that she obtained a Police report, but Monzo didn't feel it was relevant to share with the card scheme. A Police report can be helpful evidence in establishing the wider circumstances in some fraud cases, typically where a complainant says they did not authorise transactions that are in dispute. In this case, it was not in dispute that Ms S had made the payment, nor was it in question that the taxi driver had probably overcharged for the fare. The question Monzo had to decide wasn't whether Ms S had been the victim of a fraud, it was whether it had any responsibility for refunding the loss. As I explained in my

provisional decision, a customer doesn't have a right to a chargeback and a refund isn't guaranteed. I'd only expect Monzo to raise a chargeback in situations where it had a reasonable prospect of success. Unfortunately, Ms S didn't have the evidence that the card scheme required. I still think it is more likely than not that a chargeback that was presented without the required supporting evidence would have been considered invalid.

I've looked again at the chat history between Ms S and Monzo in relation to this issue. I agree that Ms S never spoke to the same advisor twice. But as a digital bank, Monzo has decided that its primary channel of support is through its in-app chat and each query or request for support is dealt with by the next available operative. I am not a regulator and I'm unable to compel Monzo to change its business model to one where the same advisor handles the query from start to finish. I can appreciate that the interactions with Monzo were frustrating for Ms S as she had expectations that the bank could do more. I can see why Ms S feels Monzo was being obstructive, as the conversation was repetitive, but I don't agree this was a failing on Monzo's part. The bank's advisors were explaining that they needed specific evidence to be able to take the dispute further. This is because chargebacks are decided based on the card scheme's rules and not the relative merits of the underlying dispute between the cardholder and the merchant. There's no chargeback reason for the merchant itself being a scam, so the bank only had limited options that could potentially have applied. I don't think Monzo acted unfairly by concluding that the evidence that Ms S did have wasn't going to be enough for it to submit a claim.

For the reasons I've explained both here and in my provisional decision included above, I still do not consider that Monzo has made a mistake or that it could have done anything more to assist Ms S reclaim her money.

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 Ms S to accept or reject my decision before 20 June 2025.

Claire Marsh
Ombudsman