

The complaint

Mr P complains that Monzo Bank Ltd didn't do enough to help him recover the money he lost when he was overcharged by a merchant abroad.

What happened

Mr P arrived abroad and picked up a taxi at the airport. He needed to make a short journey of around 12 miles and was expecting to pay \$20,000 CLP (approximately £15) for the fare. Mr P explains that when he went to pay, the taxi driver said the transaction didn't go through because the card machine had run out of paper. The taxi driver tried another card machine and told Mr P that transaction didn't go through either. The taxi driver did not give Mr P any receipts. Mr P ended up paying the fare in cash. When he later connected to the internet at his hotel, he discovered two transactions of \$520,000 CLP (equating to £463.27 each) had been made. He contacted Monzo.

Monzo told Mr P it had raised a chargeback dispute and applied a temporary refund for the two amounts to his account. Monzo then said it would take one of the credits back because the merchant had refunded it. Mr P said both transactions were fraudulent and provided a copy of the police report he'd obtained. He also asked Monzo to point out when the refund from the merchant had been received as it was not showing on his account.

Monzo asked Mr P if he could provide a receipt for the payment and asked him to explain again how the merchant misled him. Mr P explained the situation and provided the bank with a copy of a newspaper article about taxi scammers at this airport.

Monzo then asked Mr P to provide proof of the correct charge. Mr P highlighted again that he didn't have any receipts and had no way to contact the taxi driver after the incident. Feeling frustrated that things were going around in circles, Mr P complained.

Around the same time, Monzo contacted Mr P and explained that the card scheme had rejected the dispute. Monzo shared evidence from the merchant for one of the transactions showing an amount of \$500,000 with a \$20,000 tip. Monzo asked Mr P to provide a clear written description of what happened and evidence to show he'd tried to resolve the issue directly with the merchant. It took one of the temporary credit amounts back.

In its final response letter, Monzo explained that it had raised a dispute, but the merchant had argued against it with their own evidence. The bank said it had to take back the temporary refund that was provided and that it had exhausted internal procedures for trying to get the money back.

Unhappy with the bank's position, Mr P referred the complaint to us. He explained it was unclear throughout the process whether Monzo had looked at the two fraudulent charges or just one. Mr P was also surprised that Monzo had been able to contact the merchant as he had not been able to locate any contact details for him, so he was dubious about the validity of any evidence the merchant submitted. In the interim, Monzo had also taken the second temporary credit back.

Our Investigator asked Monzo for more information about the evidence provided by the

merchant, and also suggested one of the transactions could have been disputed as a duplicate payment given they were for the same amount and made very close together. Monzo agreed that it should have raised the second payment as Mr P being charged twice for the same goods and services. The bank was mindful that it would have been difficult for the merchant to show that each transaction was for a separate service. Monzo offered to refund the second payment to Mr P on this basis. Monzo also told our Investigator that it had only raised one dispute.

Our Investigator assessed the situation. He didn't think it was unreasonable for Monzo to have concluded a chargeback claim for transaction amount differs had little prospect of success because Mr P didn't have the documentation the card scheme required. He thought that Monzo had made a mistake by not disputing the second transaction at all. Whilst he was pleased to see that Monzo had refunded that payment to Mr P, he thought the bank should pay 8% simple interest on that amount from the date the temporary credit was debited from Mr P's account to the date the amount is repaid to him because he'd been deprived of the use of those funds.

Monzo agreed that it would do this. But Mr P didn't agree this went far enough. He explained it wasn't his fault the merchant didn't provide any receipts. He said that he was shown a lower amount on the card terminals, but higher charges were processed. He felt this was either a deceptive practice or a technical error, but neither of those things were within his control. He pointed out that he'd reported the incident promptly to both the bank and the local police.

As no agreement could be reached, the complaint was referred to me to decide.

My provisional decision

I issued a provisional decision in May 2025 setting out how I proposed to resolve 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 think the level of customer service that Monzo provided to Mr P at this time fell short. But I am unable to fairly say that Monzo is responsible for refunding the remaining £463.27 that Mr P has lost. I know this is going to come as very disappointing news to Mr P. There's no question that he'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 I think my proposed outcome is fair and reasonable in the circumstances.

I accept that Mr P has been the unwitting victim of sharp practice from the merchant. He's provided a police report and a newspaper article to support that he's likely been taken advantage of by an unscrupulous taxi driver who tricked him into making these payments. 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 Mr P fairly by not refunding the full amount that he's lost. I've looked at all of the ways Monzo could potentially be responsible to see if Monzo could have done anything more to assist him.

Was the transaction authorised?

First, Mr P, in line with the Payment Services Regulations 2017 and the terms of his account, is generally responsible for transactions made using his payment tools which he authorises. Authorisation here carries a narrow meaning. A payment is to be treated as authorised if a customer has given consent for a transaction.

Here, there's no dispute that Mr P used his card and entered his PIN when he attempted to make the transactions in the taxi. Mr P has been clear that he never entered his PIN on a \$520,000 CLP charge and that he thought the transactions were \$20,000 CLP. It seems more likely than not that the taxi driver was able to conceal the \$500,000 amount by presenting the \$20,000 tip as the full transaction amount. The fact Mr P was being deceived by the taxi driver does not invalidate authorisation. Giving consent doesn't depend on Mr P being fully aware of all of the details at the time he completed the required procedure to make a card payment. So, as a starting point, Monzo can hold Mr P responsible for the transactions.

Should Monzo have intervened in the transactions 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 Mr P's bank statements for the months leading up to when the disputed payments were made. I can see that Mr P uses his Monzo card abroad from time to time, so I don't think the fact that transactions were being made in another country ought to have caused Monzo any immediate concern. I've thought about the type of transactions Mr P typically makes and whether the size of these two payments in quick succession ought to have stood out to the bank. Although I agree that these transactions were for more than Mr P typically spends, I don't think I could fairly say that the first payment was unusual or suspicious enough that Monzo ought to have intervened or declined it at the time that it was made. I'm also not persuaded that I could fairly say the second payment would have displayed enough risk factors to have been indicative of a pattern of financial harm at the time that it was being made. In any event, Monzo has already agreed to refund the second payment for other reasons.

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.

When Mr P contacted Monzo, it raised a dispute. So I've looked at Monzo's actions and whether it acted fairly and reasonably in the way it handled Mr P's request for help in getting his money back.

From the outset, Monzo was not clear with Mr P about what exactly had been disputed. Mr P had explained that there were two transactions, but Monzo only raised a chargeback in relation to one.

Monzo attempted a chargeback for one payment on the grounds that the transaction did not complete because Mr P believed the transaction had been cancelled. I'm not persuaded this was the right reason code for Monzo to have used because this reason code requires the cardholder to have not used the underlying goods or services. As Mr P did take the taxi journey, I'm not persuaded this chargeback reason had a reasonable prospect of succeeding. Monzo has later suggested that it should have perhaps considered this to have been a transaction amount differs claim as Mr P had been charged \$520,000 CLP for a transaction that should have been \$20,000 CLP. Even though Monzo didn't pick the most appropriate reason code, I cannot fairly say that this decision cost Mr P the opportunity to have recovered the amount of the first payment. I say this because I think it's more likely than not that the merchant would have provided the same response to a transaction amount differs chargeback as it did to the transaction did not complete chargeback – i.e. the merchant would still have provided information to show it considers that the transaction was for a \$500,000 CLP fare with a \$20,000 CLP tip.

I know Mr P strongly contests the validity of this fare and the alleged tip. He's reported the incident to the police and provided copies of media reports to support that the merchant has fabricated this response. But 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 operating a scam.

When a chargeback is challenged by the other side to the dispute, I would expect Monzo to look carefully at the submissions made in defence and make a decision on whether to continue pursuing the chargeback. I would not expect Monzo to pursue it further if the submissions showed it no longer had a reasonable prospect of success.

Monzo has to follow the card scheme's rules when challenging the dispute further. This is why Monzo repeatedly asked Mr P for evidence of the correct amount he should have been charged. The card scheme requires documentation detailing what the correct transaction amount should have been in a specified format, such as a receipt or an invoice or an email from the merchant confirming the price. The card scheme would not accept the evidence from the police or other evidence taking a common-sense approach on what a fare for a journey of this duration should have been. I recognise Mr P is being asked for something that it is inherently difficult, if not impossible, for him to provide. But because he doesn't have the supporting documentation as required by the card scheme rules, there was no realistic prospect of success if Monzo had tried to take it any further. 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 considered invalid. Ultimately, the criteria for the chargeback is set by the card scheme and not by Monzo. Here the card scheme's rules require Mr P to provide specified evidence of what the correct amount for the journey should have been, and without it, I don't think Monzo has acted unfairly in not pursuing matters further.

Monzo's level of customer service

I have no doubt in my mind that this would have been a difficult and unsettling experience for

Mr P no matter what Monzo did. He was far away from home when he discovered he'd lost close to £1,000 in these circumstances and this is a lot of money for anyone to discover they are suddenly without. But I think Monzo let Mr P down in the way they handled this matter right from the outset.

Having looked at the chat messages between Mr P and the bank, I can see why he is confused about what payments have been disputed. He receives two temporary credits, but only one payment seems to be referred to on an ongoing basis. In addition to this, Monzo tells Mr P that the merchant has refunded one of the disputed payments. It's unclear where this information came from, and I don't think the bank has fully appreciated the emotional impact and confusion of being told money has been refunded when it ultimately hasn't been.

In addition to this, the bank didn't raise a chargeback for the second payment when that dispute had a reasonable prospect of being successful, and it picked the wrong reason to dispute the first payment.

I'm also mindful that the bank could have given Mr P much clearer indications about the difficulties in raising successful chargebacks in cases such as this. At the time that Monzo gave Mr P the temporary credits, it didn't use its superior knowledge and experience of raising chargebacks in similar circumstances to strongly outline to him that this was far from a guaranteed refund. Although I accept the word temporary does to some extent convey this, Mr P is not an expert in the intricacies of the card scheme's rules. It's clear that his expectation was that he wouldn't be left out of pocket here because he's been a victim of a scam. I think Monzo should have done more than it did to explain the limitations when looking to refund card transactions. Taking everything into account, the way Monzo handled this matter made an already bad situation worse. I think it would be fair for Monzo to acknowledge this by offering Mr P £200 compensation for its level of service.

Overall

I have every sympathy for Mr P as the particular circumstances of this case mean he is afforded little protection. I know my proposed outcome will not feel fair to him because he's still lost out financially. But, having considered these matters carefully, I can't fairly say that Monzo must refund the full loss 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, for the reasons I've outlined above, I am not persuaded that a chargeback for the first payment would have been successful even if Monzo had raised it correctly and taken it beyond first presentment.

To put things right, Monzo should now pay Mr P the interest our Investigator recommended if it has not already done so. It should also pay Mr P £200 compensation to acknowledge the impact of the way it has handled this matter. But I am unable to fairly say that Monzo must do more than this, or that it has any responsibility to refund the first payment.

Responses to my provisional decision

Mr P responded to confirm that he accepted my provisional decision.

Monzo did not respond to my provisional decision.

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.

As neither party provided any further evidence or arguments for me to consider, I see no reason to depart from the conclusions set out in my provisional decision and summarised above.

My final decision

My final decision is that Monzo Bank Ltd should pay Mr P the interest our Investigator recommended if it has not already done so. It should also pay Mr P £200 compensation to acknowledge the impact of the way it has handled this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 July 2025.

Claire Marsh
Ombudsman