DRN-5651970

The complaint

Mr M complained because Zopa Bank Limited refused to refund him for transactions which he said he didn't authorise.

What happened

On 15 April 2025, Mr M contacted Zopa and disputed several payments to Transport for London (TFL) and St Pancras International. He said he did travel in London, but he used an Oyster card and other payment methods for his travel. Mr M also said that some of the transactions were timed at hours when he wouldn't have been travelling. He said the card must have been cloned.

Zopa told Mr M that transactions for TFL could be deducted on a subsequent day or time, not when they'd been authorised. Mr M complained.

On 17 April, Zopa wrote to Mr M about his complaint. It said that an investigation was under way about the disputed transactions. Mr M had also complained about an unresolved ISA transfer-out issue. Zopa said it had previously sent a final response about the ISA transfer letter.

On 25 April, Zopa wrote to Mr M declining his disputed transaction claim. It said the disputed transactions had been made by using Mr M's card contactless. Mr M had told Zopa that the card was in his possession and no-one else had access to it. So Zopa said the card hadn't been compromised and it couldn't classify the disputed transactions as fraud.

Mr M wasn't satisfied and contacted this service the same day. He said Zopa had been very incompetent in dealing with his complaint, so he'd closed all his accounts. In reply to our investigator's questions, he said he hadn't added his Zopa credit card as a virtual card on any devices. He said he hadn't given anyone else permission to use his card. He said that Oyster travel transactions are swiped at a terminal, so he didn't know why they'd been charged to his Zopa credit card.

On 29 April, Zopa and Mr M corresponded about his ISA transfer, and Mr M said the ISA transfer had now been completed. So I haven't considered the ISA transfer as part of this decision.

Our investigator didn't uphold Mr M's complaint. She said the disputed transactions were carried out by contactless use of Mr M's Zopa credit card. As Mr M had said the card never left his possession, it wasn't possible that any unknown third party had made the transactions. She considered, and rejected, Mr M's suggestion that the card had been cloned, and said that ultimately there was no point of compromise for the credit card. She also didn't agree that there was any evidence to indicate that Zopa's service had been incompetent.

Mr M didn't agree. He said that Zopa had evidence that the charges were legitimate, but he said neither he nor anyone else had used the Zopa credit card to buy travel tickets, because he uses Oyster and another rail firm's smart card. He said this meant they were mystery transactions and this didn't automatically mean acceptance of Zopa's position. He said the case needed examining in more and it might give rise to a police enquiry for fraud. He said he shouldn't be charged for something he didn't buy, and Zopa should be treating customers fairly not simply dismissing it without redress.

Our investigator replied to Mr M. Among other points, she pointed out that there was no point of compromise for Mr M's card, and it had been used for several genuine transactions during that time. So she couldn't establish that a third party had taken the card. Also, Mr M's credit balance was never significantly depleted, and his credit limit was never exceeded. And there were several repayments by Mr M which covered the cost of the disputed transactions. She told Mr M that he was free to contact the police if he wished to.

Mr M asked for an ombudsman's 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.

What the Regulations say

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So what decides the outcome here is whether it's more likely than not that Mr M, or a third party fraudster unknown to him, carried out the disputed transactions.

Who is most likely to have authorised the disputed transactions?

The technical computer evidence shows that the disputed transactions were made using Mr M's genuine Zopa credit card.

Mr M said he still had the card in his possession (until he closed his Zopa accounts after the complaint). This is confirmed by the fact that there were other, undisputed, transactions around the time of the disputed ones. He said he hadn't allowed anyone else to use his Zopa card.

It's most unlikely someone could have taken Mr M's card without his knowledge, made a disputed transaction, and returned the card to Mr M again without his knowledge – and that any such person could have done so repeatedly. Nor is it logical that anyone trying to defraud him would have repeatedly returned his genuine card between the disputed transactions, with the risk of being caught.

Also, each of the disputed transactions was for a small amount – under £15. I consider that any third party fraudster with access to Mr M's genuine credit card would have attempted to take higher amounts, and not just used it for small travel payments. A typical fraudster also uses a card quickly, to maximise their gain before the card can be stopped. But here, there are some gaps between the disputed transactions, and that doesn't fit the usual pattern of a fraudster.

Mr M suggested instead that the card could have been cloned, and used by a third party fraudster.

In relation to cloned cards, Mr M's genuine Zopa card had a unique chip embedded into it. Cloning only takes a sort of photo of the card's details, including the information on the card (name, expiry date etc). Cloned cards have been used for things like telephone or online transactions where the actual card isn't presented. But cloned cards won't work where a card is physically presented – for example at the travel payment machines in Mr M's complaint – because the unique chip inside the card is read and checked. Chip technology is complex and sophisticated and it's not generally thought technically possible to copy the chip on a card.

So I don't accept that the disputed transactions were carried out by using a cloned card.

It's possible Mr M may been confused by the way the transactions appeared on his statement. For example, Mr M said he paid for travel using an Oyster card, but Oyster card debits appear as TFL, because it's part of that organisation. Similarly, as Zopa explained to Mr M, the times which showed on Mr M's Zopa card for the debits wouldn't necessarily be when the authorisation had taken place. This explains why some appeared to have taken place in the middle of the night.

Mr M also complained about Zopa's customer service. I can tell from the call recording that Mr M was frustrated by Zopa. I can't, however, see that Zopa's communications were unclear or inaccurate. It also replied within regulatory timescales to Mr M's complaint.

In conclusion, for the reasons above, I can't see how anyone other than Mr M could have authorised the disputed payments. As I consider it's more likely than not that he authorised the payments himself, Zopa doesn't have to refund him.

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 M to accept or reject my decision before 9 September 2025.

Belinda Knight
Ombudsman