

## The complaint

Mr M is unhappy that Monzo Bank Ltd (“Monzo”) won’t refund him the money he lost after he fell victim to a scam.

## What happened

The background to this complaint is well known to both parties, so I won’t repeat it all in detail here. But in summary, I understand it to be as follows.

In March 2024, Mr M was looking for some flights online. He saw some that interested him through a travel agent that he’s said he used previously. Mr M made enquiries about the flights and has said he made some enquiries about the travel agent who he’d been connected with. Having not seen anything that concerned him, he went ahead and made the following card payments from his Monzo account, to purchase flights.

Date	Payment type	Amount
27 March 2024	Card	£479.87
27 March 2024	Card	£1,455.95
	<b>Total</b>	<b>£1,935.82</b>

But unknown to him at the time, Mr M was dealing with fraudsters, who he believes had impersonated a legitimate company. Mr M has said he became suspicious when, after he’d made the payments, they stopped answering his calls.

Mr M raised the matter with Monzo, but it didn’t uphold his complaint. In summary, while it did attempt a chargeback, it said in line with the chargeback rules set by the card scheme provider, there weren’t valid grounds to raise a successful claim. Alongside this, Monzo didn’t think Mr M had carried out enough due diligence before going ahead with the payments. Monzo did however recognise that the service it provided could have been better, and in recognition of this paid Mr M £30 as a gesture of good will.

Unhappy with this response, Mr M referred his complaint – about Monzo’s decision not to refund him – to this service. One of our Investigators reviewed the case and reached out to Monzo to see if it wanted to reconsider its position. Monzo maintained that it wasn’t liable for refunding Mr M’s loss. However, it said its service had fallen below expectations, it was sorry with this and offered Mr M £100 for the inconvenience.

Our Investigator issued their view and thought the complaint should be upheld. In summary, they didn’t think Monzo had demonstrated that a chargeback had no realistic prospect of success. In view of this, our Investigator thought that Monzo should refund Mr M the money he lost, along with interest. Alongside this, it was our Investigator’s view that Monzo should increase its compensation to £250, in light of the errors it made.

Monzo didn’t agree with our Investigator’s view. As agreement hadn’t been reached, the complaint was passed to me for a decision. I issued a provisional decision for this complaint on 29 August 2025. In it I set out the background and my proposed findings. I’ve included a

copy of the provisional decision at the end of this final decision, in italics. I won't then repeat all of what was said here.

Both parties have now had an opportunity to respond to the provisional decision. Monzo responded and didn't agree with the recommendation to increase the award for service failings to £250 and it wanted to maintain its offer of £100.

Mr M also responded and didn't accept the findings in the provisional decision. In summary, Mr M didn't think Monzo had demonstrated that it had fully pursued the chargeback process – he said he'd paid for flights, and it was a clear case of 'services not received'. He thought Monzo had given up too easily. Alongside this, Mr M reiterated his concerns about the service Monzo provided and overall thought it would be fair and reasonable for his loss to be reimbursed.

As all parties have now had the opportunity to respond, I'm going on to issue 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 thank Mr M for his response which I've carefully considered. While I understand the points he's trying to make, for broadly the same reasons as explained in my provisional decision his comments haven't persuaded me to depart from my provisional findings.

I do understand why Mr M feels that, as he didn't receive any services and was the victim of a scam, he should be entitled to receive his money back. However, as I mentioned in my provisional decision, a chargeback isn't a consumer right – and it might be reasonable for a firm to not attempt a chargeback where there is limited prospect of success. Monzo isn't obliged to put a claim through just because Mr M requests one.

In the circumstances of this case, it seems the fraudster has used Mr M's card details to make a purchase with a genuine business – albeit Mr M hasn't benefited from that purchase and it has been made in the name of an unknown third party. A chargeback in these circumstances would be unlikely to succeed as the correct authentication took place and the services had been provided.

Importantly, the chargeback scheme does provide protection for genuine travel agents in circumstances where the services have likely been provided, as was the case here, and where correct authentication checks have taken place to ensure the cardholder has consented to the use of the card (which happened here with Mr M completing the 3DS authentication screen).

So overall, given I think it was unlikely that a chargeback would succeed in these circumstances, I don't think it was unreasonable for Monzo to have not pursued things any further than it did.

Finally, I note the comments Mr M has made about the service Monzo provided and I also thank Monzo for its comments on this point.

Having considered this carefully, I don't intend to depart from my findings on this specific point either. I'm persuaded, from what I've seen, that it is evident that there were repeated errors which meant Mr M had to chase Monzo for updates and also resulted in understandable disappointment for Mr M, when his loss wasn't refunded after his

expectations had been raised when he was led to believe that it would be. In such circumstances, I think an award of £250 (on top of the £30 Monzo has already paid) fairly reflects the distress and inconvenience caused.

### **Putting things right**

For the reasons explained, I now ask Monzo Bank Ltd to;

- Pay Mr M £250 for the distress and inconvenience.

### **My final decision**

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 October 2025.

#### *Provisional Decision*

*I've considered the relevant information about this complaint.*

*Having done so, I'm minded to reach a different outcome to that of our Investigator and to say that this complaint should be upheld in part.*

*The deadline for both parties to provide any further comments or evidence for me to consider is 12 September 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.*

*If Monzo Bank Ltd accepts my provisional decision, it should let me know. If Mr M also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.*

### **The complaint**

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### **What happened**

*The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.*

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*Mr M raised the matter with Monzo, but it didn't uphold his complaint. In summary, while it did attempt a chargeback, it said in line with the chargeback rules set by the card scheme provider, there weren't valid grounds to raise a successful claim. Alongside this, Monzo didn't think Mr M had carried out enough due diligence before going ahead with the payments. Monzo did however recognise that the service it provided could have been better, and in recognition of this paid Mr M £30 as a gesture of good will.*

*Unhappy with this response, Mr M referred his complaint – about Monzo's decision not to refund him – to this service. One of our Investigators reviewed the case and reached out to Monzo to see if it wanted to reconsider its position. Monzo maintained that it wasn't liable for refunding Mr M's loss. However, it said its service had fallen below expectations, it was sorry with this and offered Mr M £100 for the inconvenience.*

*Our Investigator issued their view and thought the complaint should be upheld. In summary, they didn't think Monzo had demonstrated that a chargeback had no realistic prospect of success. In view of this, our Investigator thought that Monzo should refund Mr M the money he lost, along with interest. Alongside this, it was our Investigator's view that Monzo should increase its compensation to £250, in light of the errors it made.*

*Monzo didn't agree with our Investigator's view. As agreement hasn't been reached, the complaint has been passed to me for a decision.*

### **What I've provisionally 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'm very sorry to hear about what's happened to Mr M. It's always an upsetting experience to lose money to a scam, and I can understand why he wants to recoup the money he has sadly lost. However, while I know this will come as a disappointment to him, I'm not intending on upholding his complaint, with regards to the loss he suffered to the fraudsters. I know he's been the victim of a scam, but I don't believe Monzo are liable to reimburse him for his loss. I do agree though that the service Monzo provided fell short of the standards that could reasonably be expected, and I agree with the Investigator's view on this particular point. I'll explain my reasons.*

*I've considered whether the payments should be treated as authorised, in line with the relevant regulations – the Payment Services Regulations 2017 (PSRs). In broad terms, as set out in the PSRs, a payment would be deemed authorised if the account holder completes the agreed steps to make it – or gives someone else access to complete those steps on their behalf.*

*I'm satisfied the payments Mr M made were authorised. While I know Mr M was being tricked, he provided his card details to the scammer, and completed the 3DS authentication screen in the Monzo app for the purpose of allowing them to take the payments, in the belief that he was purchasing flights. Mr M knew the steps he took would allow the payments to be taken at that point, meaning they would be deemed authorised. As such, Mr M would generally be liable for the payments in the first instance.*

*But as a matter of good industry practice, where there are grounds to suspect that the payment instruction might be likely to result in financial detriment to a customer through a*

*fraud then I'd expect a payment service provider to delay executing the instruction until it can reassure itself that such harm will not result.*

*With this in mind, I've considered whether the payments Mr M made were ones Monzo should have had particular concern about. In doing so, I'm mindful that payment service providers, such as Monzo, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.*

*Having thought about this carefully, while I don't doubt the payments represented a lot of money to Mr M, when compared with other payments that Monzo processes daily, I'm not persuaded they were of values which I think would have appeared so suspicious or unusual to Monzo, such that they ought to have alerted Monzo to the possibility Mr M was being scammed or was at risk of financial harm. I say that especially as from looking at Mr M's account statements, from the months leading up to the scam, I can also see that the value of the payments being made were not dissimilar to other transactions that he'd made.*

*In the circumstances, I don't consider it remiss that Monzo processed the payments in line with the instructions received without completing further checks.*

#### *Recovery of funds*

*While I don't think Monzo caused Mr M's loss due to it missing an opportunity to intervene when he made the payments, that isn't the end of the matter. Secondly, I need to consider whether Monzo did all it could to recover the money Mr M had lost, once it was aware of what happened.*

*So, I have then thought about whether Monzo could have recovered any of the money Mr M sadly lost. As he made the payments using his debit card, the only potential recovery option would have been through the chargeback scheme.*

*A chargeback is a voluntary scheme run by card scheme providers. It arbitrates on disputes between a customer and a merchant where they haven't been able to resolve matters themselves. The arbitration process is subject to the rules of the scheme – which are set by the scheme providers – and there are only limited grounds on which a chargeback can be raised. Chargebacks raised outside of these grounds are deemed invalid. A chargeback isn't a consumer right – and it might be reasonable for a firm to not attempt a chargeback where there is limited prospect of success. Monzo isn't obliged to put a claim through just because Mr M requests one. But I'd consider it good industry practice to do so if the claim was likely to succeed.*

*Here, the way the payments were authenticated (using 3DS) meant the funds couldn't be charged back from the merchant that was paid on the grounds of fraud.*

*However, despite that, Monzo did raise a chargeback claim. This was defended by the merchant on the grounds that the service had been provided and used. Here it appears the payments went to a genuine merchant, who provided the expected service (albeit the service was provided to the fraudsters rather than to Mr M). I therefore think it was reasonable that Monzo didn't try to pursue a chargeback any further for these card payments – as I don't think the claim had a prospect of success.*

#### *Customer Service*

*I'm mindful that Monzo has acknowledged that it could have dealt with Mr M's claim in a better way. It has said that there had been some clear errors and miscommunication; in that it took actions it shouldn't have, and missed opportunities to communicate with Mr M.*

*It also recognised that some of the language it used was incorrect, which led Mr M to believe he would receive a refund, when that may not have been the case. Monzo has already paid Mr M £30 compensation and has offered a further £100 by way of compensation.*

*I won't go into great detail here about the errors that were made, as these have been laid out in detail by our Investigator in their view. When thinking about what a fair award is, it's important that I recognise the main cause of Mr M's loss, and therefore distress, is down to the fraudster.*

*But I do appreciate the impact this matter has had on Mr M, and I don't doubt it would have been extremely frustrating and disappointing to be expecting a refund, for that to then not materialise. From what I've seen there were times here where the communication from Monzo wasn't clear, which not only led Mr M to believe he may get his money back but also necessitated him having to chase and contact Monzo on a number of occasions to seek clarity.*

*Having thought about this carefully, I agree with our Investigator's view on this point, and I think it would be fair and reasonable here for Monzo to pay Mr M £250 (in addition to the £30 it has already paid) in recognition of the distress and inconvenience caused.*

#### **Summary**

*I do appreciate how disappointing this will be for Mr M, who has clearly fallen victim to a cruel scam. But in all the circumstances, I won't be directing Monzo to reimburse him for his loss. That's because I'm not persuaded that loss is attributable to a failing by Monzo. However, for reasons explained above, I do intend to make an award to Mr M for the distress and inconvenience suffered through the service Monzo provided, when it was considering his claim.*

#### **Putting things right**

*For the reasons explained, I'm currently minded to say that appropriate compensation would be for Monzo Bank Ltd to;*

- Pay Mr M £250 for the distress and inconvenience.

#### **My provisional decision**

*My provisional decision is that I uphold this complaint in part.*

Stephen Wise  
**Ombudsman**