

The complaint

Ms A complains that Monzo Bank Ltd didn't do enough to prevent her losing money to what she says was a scam.

What happened

Ms A says she'd set up a store on an online marketplace and received a message and email saying that she needed to verify her card to get her order shipped. She was led to believe that a payment would be taken and immediately refunded. She was tricked into making three payments, one of which (this being the first payment) was refunded. The subsequent two payments, one for £500 and the other for £300 weren't. When Ms A was asked to make a fourth payment, she realised this was likely a scam. She contacted Monzo Bank the same day asking for its help. Ms A also complained about the length of time it took Monzo Bank to investigate her claim.

Ultimately, Monzo Bank said it couldn't agree to providing a refund of the disputed payments as these were authorised; they were card payments, so weren't covered under the Lending Standard's Contingent Reimbursement Model (the CRM Code); and it didn't consider there to be a reasonable prospect of success under the chargeback scheme. However, it did agree that it could've provided a better customer service and in recognition of the stress and inconvenience caused it paid Ms A a compensatory sum of £50.

Unhappy with Monzo Bank's response Ms A referred her complaint to this service. Our Investigator didn't recommend that the complaint should be upheld. In summary she didn't think Monzo Bank had missed an opportunity to prevent, or recover, Ms A's loss. She explained the payments weren't unusual or suspicious enough in nature to have given Monzo Bank a cause for concern. So, she concluded that by not intervening it hadn't acted unreasonably. She also found that Monzo Bank hadn't acted unfairly by not raising a chargeback claim as the payments had gone to a genuine merchant who hadn't (as far as she could see) made any errors, so she agreed that it was unlikely that a chargeback claim would have succeeded. She considered the £50 compensation award Monzo Bank had paid, and said, in her opinion it was a fair way to put things right for the service failings.

Ms A disagreed and asked for her complaint to be escalated to an ombudsman.

In response to the Investigator's outcome Ms A made several points and asked for these to be considered. To try to resolve matters quickly and informally I wrote to Ms A addressing these and explaining in greater detail why I couldn't ask Monzo Bank to do more. I said:

"Firstly, I'd like to start by saying I'm sorry to hear about the loss that you've suffered and the difficult situation that you find yourself in. I appreciate you'd like to do everything you can to recover your money. But having reviewed everything provided by both parties, I can't ask Monzo Bank to do anything more to resolve this complaint. I know this will come as a disappointment to you, but there's not much more I can add to what our Investigator has already explained, however I've addressed the points you've raised in response to our Investigators assessment below. I hope this provides you with assurances that the matter has been carefully considered."

Monzo Bank's opportunity to identify the scam

I appreciate you made a call to Monzo Bank immediately after the payments were made, but Monzo Bank are not required to contact the merchant upon receipt of a debit card dispute. The recovery process for card payments which have been authorised (as is the case here) is through the applicable chargeback scheme. A claim may not be raised where there's not a reasonable prospect of success, it is for the bank to assess this upon receipt of a dispute. And when exactly a chargeback claim is raised (as long as it is done so within the scheme rule timescales) doesn't impact the success or failure of it.

Monzo Bank's failure to intervene

To clarify when the Investigator has commented on intervention, it is in relation to whether Monzo Bank ought to have intervened prior to processing the payments – not it's actions after they'd been processed (i.e. when you called to report the matter). I appreciate this was a significant amount of money to you, and my intention isn't to take away from this, when I say it just wouldn't be feasible for a bank to intervene before processing every £500 or £300 payment to a legitimate merchant. I must think about transaction value / size in the context of the number of transactions that take place daily it simply wouldn't be reasonable or practical for a bank to intervene in every single payment before it is processed. The activity needs to have stood out as being unusual, uncharacteristic and / or suspicious enough to have given them cause for concern, which can't be said to be the case here. Looking back at how your account operates I can see in December 2023 you made a payment of around £315 to 'W', who are also a merchant offering remittance services, so this wasn't uncharacteristic for you. And you regularly made payments in the hundreds, examples are: In January 2024 a payment of around £400 and one for around £200. In February 2024 a payment of around £411. In March 2024 a payment of around £432. In April several transactions of values of around £200. In May a payment of around £800. So, these payments are in line with the general operation of your account, so I can't say Monzo Bank have acted unreasonably by not intervening prior to processing these payments.

Payments were authorised, but that should not nullify my case

By not directing Monzo Bank to do anything more isn't me saying that you don't deserve to get your money back, nor am I being dismissive of the fact that you've been deceived by a professional fraudster. My outcome here is focused on whether I can fairly and reasonably ask Monzo Bank to refund the loss you've suffered.

In these circumstances, there isn't an automatic right to refund because you've fallen victim to a scam. As our Investigator has explained, where it's considered that a disputed debit card payment has been authorised the only options available for a potential refund are:

- 1. If it can be said that the payments are unusual, uncharacteristic and / or suspicious enough in nature where the bank ought to have intervened (proportionality is key) before processing them, and on balance, this would have resulted in the prevention of the loss which has been suffered.*

But for reasons I've shared above there has been no failing by Monzo Bank in this regard.

- 2. A successful claim under a chargeback scheme.*

Chargeback is a voluntary scheme run by card networks, such as Visa and Mastercard, and Monzo Bank are bound by the scheme provider's rules. The scheme deals with merchant and customer disputes where these cannot be resolved between themselves. The merchant here is 'T', which is a legitimate financial services company that specialises in international money transfers. In such circumstances, a chargeback claim wouldn't have had a reasonable prospect of succeeding, as T, would've been able to provide evidence of the service it has provided – remittance of the money it received. So I can't reasonably say that by not raising a chargeback claim and / or it's delay in dealing with your claim, Monzo Bank have hindered your prospects of recovering your loss.

Emotional and Financial Impact

You've told us that this situation has caused you immense financial hardship and emotional distress. The £800 which was lost was all you had to cover your living expenses, and you've been forced to borrow money from friends and have needed to rely on credit cards to survive. And then with the loss of your job, things have become more challenging. I'm really sorry to hear about this. But I can't ask Monzo Bank to pay compensation for the impact of events that were outside of its control or that were caused by the actions of a third party (here the alleged scammers).

Delays in Monzo Bank's response

I realise that you don't think £50 compensatory sum awarded by Monzo Bank adequately addresses the customer service failings and the impact of Monzo Bank's delayed response when you reported the scam. You've specifically said "Monzo's significant delay caused me additional distress and left me feeling abandoned during a financially and emotionally devastating time." But to be clear the situation here isn't that Monzo Bank ought to have completed its investigation in one day, yet it took over a month, as often scam investigations can take some time to investigate and resolve. My consideration is limited to the impact of the mismanagement of expectations and the customer service Monzo Bank provided. With that in mind, I've carefully reviewed the handling of the matter (which includes reviewing the communication history between you and Monzo Bank).

On the 19 May 2024 Monzo Bank said:

"Please fill out this form. Our Fraud Team will look over it and make a decision. If they have any questions, they'll try and message you within the next 24 hours. (It might take a bit longer if we're really busy)."

The next day on 20 May 2024 you asked Monzo Bank how long it usually takes, and the agent responded to say:

"I'm afraid I can't offer a solid timeframe on when this will be resolved or when they will be in touch with you as I don't want to set expectations for you that may not be accurate. However they're trying their very best and you will be notified as soon as possible. If you haven't heard back from us, this means we don't have any news yet but we're trying our best."

Two days later you told Monzo Bank: "On the fraud report submission page, it says an investigator will review the case by the end of the next working day. It's the third day today. Please help me out, I'm really struggling"

Following this you spoke to Monzo Bank's complaints team, during this call you were told the matter was still under investigation and they couldn't tell you how long it would take the fraud team to respond.

On a number of occasions when you'd enquired about a timeframe for a response, it provided you with timescales within which to expect a response from the complaints team but couldn't give an exact timeframe for the fraud claim outcome.

On 2 June 2024 in relation to your fraud claim an agent said:

"I can understand how frustrating it can be but I can assure the investigation is still ongoing, certain investigation does tend to take longer than others."

You confirmed you understood this but remained unhappy.

I can also see, when you told Monzo Bank your financial situation wasn't great and about the difficulties you were experiencing, it offered you support through its wellbeing and support team.

So whilst I think Monzo Bank should've been clearer from the outset in explaining that some investigations can take longer than others and I can understand your natural disappointment as you thought you'd receive a response to your claim within a day, and you had to chase for a response, based on what I've seen, overall I think £50 is a fair way to compensate for the impact of the overall customer service that Monzo Bank has provided here."

Ms A still didn't agree. I wrote to her clarifying some points. I explained:

"1. The recovery process as you've described applies to allegations of authorised push payments (APP) fraud, where a remitting bank would contact the recipient bank to try and recover money from the recipient account. This same process does not apply where the disputed payments have been made by card as these are considered 'pull' payments. I've explained the correct process for disputed card payments (if there's a reasonable prospect of success) is to raise a claim under the relevant card providers chargeback scheme. I appreciate you've said Monzo Bank did not take further action to engage with T, even though T had confirmed they would assist in recovering the funds. But Monzo Bank aren't under any obligation to have contacted T directly, so I can't say by not doing so at the point you reported the disputed payments they've failed to take actions I'd reasonably have expected them to have taken.

2. Even if Monzo Bank had considered your claim as you believe they should have done, by the next working day, for the reasons I've explained the outcome still would've been that they can't refund the disputed payments. So, I can't fairly say that the distress and inconvenience you've suffered due to not having access to those funds is as a result of Monzo Bank's actions."

So now that both sides have had an opportunity to comment, I can go ahead with 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.

Having done so, despite my natural sympathy for the situation in which Ms A finds herself, for the reasons I've already explained, I'm not persuaded that it would be fair and reasonable to ask Monzo Bank to refund the disputed payments or do anything further.

I note Ms A feels that a crucial aspect of her complaint has not been fully considered. She says whilst Monzo Bank may not have been legally required to contact T directly in such circumstances, it had a duty of care to support her when she reported the fraud and has failed to do so. She suggests this duty should extend to it contacting T as it was willing to assist. She says she reasonably relied on Monzo Bank's advertised push notification protections and guidance to safeguard her funds, yet the lack of timely action left her vulnerable to the full loss of her savings. This forced her to borrow, rely on credit, and ultimately leave the UK due to financial hardship and job loss. She continues to maintain, Monzo Bank's inaction had a personal and financial impact on her.

I appreciate Ms A's strength of feeling about what has happened here, and I have taken into consideration everything she has said, but Ms A hasn't put forward any other new evidence, comments or arguments for me to consider. So overall, nothing she has said in response persuades me to deviate from the outcome I've reached and explained (as set out above).

Ms A is under no obligation to accept my final decision. If she doesn't accept my decision, it won't be legally binding, and she is free to pursue Monzo Bank through other avenues, such as the courts, should she decide to do so. If this is something Ms A is considering, I'd recommend that she seeks independent legal advice.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 27 October 2025.

Sonal Matharu
Ombudsman