

The complaint

Mr T complains that Zopa Bank Limited didn't do enough to protect him from a scam, or to help him recover the money once he had reported the scam.

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:

Mr T was looking online for airline tickets. He said he came across what he thought was a genuine travel agent, who we now know to be a scammer. Mr T said he made a booking online using his Zopa account and the scammer told him he could also upgrade his ticket to business class. Believing this to be a legitimate travel agent, Mr T went ahead and made the following payments to secure his flight:

Date	Amount
19 November 2024	£496.14
25 November 2024	£676.34
Total loss:	£1,170.48

Mr T said he realised he had been a victim of a scam, when he called the airline to confirm the booking and was told no booking had been made in his name. Mr T reported the matter to Zopa.

Zopa declined Mr T's claim and said, as he had authorised the payments albeit on the instructions of the scammer, he was liable for the loss on his account. Zopa also said a chargeback request had been made in an attempt to recover the funds, however this was unsuccessful as the merchant(s) had provided evidence to show service was provided / was available to use – in other words, someone else had used the airline tickets purchased.

Mr T wasn't happy with that response and so he referred his complaint to this service. An Investigator looked into things but didn't think the complaint should be upheld. In short, he said, Zopa didn't miss an opportunity to identify the payments were being made in relation to a scam, as the payments didn't carry a heightened risk of financial harm from fraud at the time the payments were made. He also said Zopa took steps it should have once it was made aware the payments were the result of fraud, however, he didn't think it can be held liable for his loss.

Mr T disagreed with the outcome. He said, he would like a refund under section 75 or the chargeback scheme as the goods / services he paid for were not provided to him. He also said Zopa didn't provide him with evidence of the chargeback outcome, which resulted in it failing to take reasonable steps to help him recover his funds once the scam was reported.

As no agreement could be reached the matter has been passed to me to make a 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, I've reached the same outcome as our Investigator, and for the same reasons.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. As Mr T authorised the payments, albeit under the guidance of the scammer, he is presumed liable in the first instance.

Because of this, Mr T is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Considering the value and nature of the payments, I don't think there was enough reason for Zopa to suspect that Mr T might be at risk of financial harm from fraud. The payments were to legitimate businesses – so I don't think it was wrong for Zopa to process the payments without intervening (as it wasn't unusual or out of character activity). There was also around a week between the two amounts and an obvious scam pattern wasn't forming. So, I don't think these payments ought to have prompted fraud checks prior to processing them. In other words, I haven't found that Zopa should have realised Mr T might be falling victim to a scam when he made either transaction or taken further action to protect him at those points. Because of this, even though I accept Mr T was the victim of a scam, I don't think Zopa had reason to suspect he was potentially falling victim to a scam. And so, I think it was reasonable for them to process the payments upon receiving his instruction(s).

Recovery

Turning to Zopa's responsibility to assist with recovery, because these were card payments the chargeback scheme is relevant. The card scheme has rules to sort out certain straightforward disputes between cardholders and merchants. The chargeback scheme also provides protection for the genuine travel agents in circumstances where they have likely already provided the services (just not to Mr T in this case) at a cost to them; and took steps to ensure that the card was being used with the consent of the genuine cardholder. Zopa raised a chargeback dispute, which was the right step in the circumstances. In Mr T's case, the merchants defended the chargeback by saying the airline tickets had been provided and were available to use. While I understand Mr T didn't intend for someone else to benefit from the booking, technically the merchants had fulfilled the terms of the contracts. So, overall, because the service paid for with the transactions was provided by the merchants, and the payments were authorised, Mr T isn't able to charge it back. Basically, the chargeback scheme does provide a route to recovery in some specific scenarios, but unfortunately it doesn't cover this one.

There is additional protection for payments on credit cards, due to section 75 of the CCA – which holds the lender (Zopa in this case) jointly responsible for any breaches of contract or misrepresentation by the supplier of the goods or services (here that's the merchants). For a

claim to be successful there has to be what's known as a valid 'debtor-creditor-supplier' (DCS) agreement – meaning there must be a connection, usually contractual, between the person buying the goods, the credit card provider, and the supplier of the goods. But there isn't a link in this case, as the debtor (Mr T) has no contractual relationship with the supplier (the genuine travel agents) – as his dealings were with the fake travel company. So, the required DCS connection isn't present here. I know Mr T expected to be covered if something went wrong, and although section 75 does provide a route to recovery in some specific scenarios, it unfortunately doesn't cover a refund in this one.

I appreciate that this will be very disappointing for Mr T, and I can entirely understand why he feels the way he does, but with all I've seen I don't consider that I can fairly say Zopa should be held liable for Mr T's loss, or that it could have done more to recover his funds.

My final decision

My final decision is I don't uphold Mr T's complaint about Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 22 December 2025.

Israr Ahmed
Ombudsman