

The complaint

Mrs M is unhappy that Zopa Bank Ltd won't refund a payment she made because of a purchase scam.

What happened

In summary, Mrs M was looking to book a holiday and contacted what she believed to be a legitimate company online. She had been making payments in instalments on a monthly basis from various accounts for a holiday. She decided to try and change the flights. Mrs M obtained a number regarding the company and called them to discuss doing this.

Unfortunately, Mrs M was talking to X, a scammer who was impersonating a legitimate company. When she discussed what she wanted to do, the scammer suggested she pay the balance that she owed on the holiday to them, after which they could provide cheaper flights. Mrs M said she couldn't pay the balance, so they suggested she pay half, and then pay the remainder with the refund she was going to receive for cancelling the original flights.

Mrs M agreed with the plan and tried to make payment with two other banks. She said both declined the payment. She then tried using her Zopa credit card and a payment for £1045.02 went through on 21 July 2025. After this payment was completed with Zopa, another bank called Mrs M and said she was falling victim to a scam. She confronted the scammer about this, but the payment with Zopa had already gone through.

Mrs M reported what had happened to Zopa, and it provided a provisional refund on 30 July 2025 through the chargeback scheme. The claim was challenged by the merchant and the refund reversed. Mrs M made a scam complaint on 9 September 2025 and said Zopa ought to have intervened when she made the payment at the time, as the other banks had done. Zopa replied and said it carried out her payment using 3DS after she had authorised it. It said it tried to complete a chargeback claim on the card, but it was disputed by the merchant who said it had provided the service she paid for.

Unhappy, Mrs M brought her concerns to our service to investigate. The investigator said she could not recommend Zopa provide a refund. She was not persuaded the payment carried a heightened risk of financial harm, enough that she felt Zopa ought to have intervened.

The investigator also concluded Zopa didn't do anything wrong when it put in Mrs M's chargeback claim, and any other attempts at recovery such as a claim under section 75 of the Consumer Credit Act 1974, would not have been successful.

Mrs M was not happy with the investigator's outcome and asked that an ombudsman look at her complaint afresh. In summary she said:

- Other banks declined transactions before the payment went through with Zopa. The other banks identified the risk of a scam.
- The payment authorised with Zopa, being authenticated, did not remove its responsibility to intervene.

- The merchant did not provide a service to her.
- A claim under section 75 should succeed.
- Overall, it would be fair and reasonable for Zopa to bear the loss.

As the parties are still in dispute, Mrs M's complaint has been passed to me, an ombudsman, to decide.

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.

The starting position in law is that Mrs M is responsible for the payments she made. And Zopa has a duty to make the payments she tells it to.

But, as supported by the terms of the account, that doesn't preclude Zopa from making fraud checks before making a payment. And, considering regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably do this in some circumstances.

From 7 October 2024, Zopa has been subject to the Payment System Regulator's mandatory reimbursement rules. That said, the rules apply only to bank transfer scams, not to debit or credit card payments, so they don't apply here. But as I've already concluded I still need to consider whether Zopa has acted fairly, considering its obligations towards her, in detecting and preventing the scam.

Based on what I have said above, I have looked into what happened with this payment to see if Zopa did all it ought to do and whether it made any mistakes when this all happened. I've done this because I am satisfied that Mrs M was a victim of fraud here, it is clear to me she was in conversation with a scammer, and the payment she made here paid for a flight she did not receive, and this was to the scammers' benefit.

I've looked at what happened when Mrs M made the payment. Looking at Mrs M's account history, and taking everything into account – including the value of the payment, the fact it was made to a legitimate travel merchant, and that it was authenticated by Mrs M – I'm not persuaded there were sufficient indicators that the payment was linked to a scam such that it ought reasonably to have intervened. Particularly as it could see that Mrs M had already used her account to pay a travel agent some months before. So, it follows that I don't consider Zopa acted unreasonably when it processed the payment in line with Mrs M's instructions without completing further scam checks.

I do agree with Mrs M that authentication alone doesn't determine whether a firm has acted reasonably. However, it is a relevant factor, particularly where I've not identified other features of the transaction that ought reasonably to have caused concern.

It follows that I don't consider it unreasonable that Zopa processed the payment in line with the instructions without completing further checks. After all it must balance protecting Mrs M from fraud with its corresponding duty to make the payments, she tells it to in a timely manner.

I considered that Mrs M attempted similar payments using other banks before this transaction went through. This is something Mrs M has pointed to and made the point that other firms identified the risk of a scam and intervened. Our service contacted the other banks to find out what happened. One of the banks said that Mrs M had used an expired

card to try and make the payment, and that no scam warning was provided. The other said it could not find anything relating to an intervention for fraud at that time.

That said, I am looking at the transaction here that Zopa processed and the circumstances around that, and I do agree with Mrs M that it had obligations to look out for fraud and scams from occurring. But as I have concluded above, I don't think it acted unreasonably by processing the payment without further scam checks, based on the information it had in front of it.

Moving on, where payments are made by card, as was the case here, and there is a dispute about a service, it is open to Zopa to request a chargeback. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The scheme is subject to limitations and can be defended by the merchant.

Zopa did raise a chargeback for a service not provided. However, the merchant defended the claim on the basis that it provided a service – albeit to someone other than Mrs M.

Based on the evidence which the merchant supplied to defend the chargeback, I don't consider it was unreasonable for Zopa to discontinue the chargeback.

In certain circumstances, section 75 of the Consumer Credit Act 1974 allows Mrs M to hold Zopa equally responsible for breach of contract or misrepresentation in respect of a supplier of goods or services.

To have a valid Section 75 claim, certain requirements must be met. These include a requirement for there to be a 'Debtor-Creditor-Supplier' ('DCS') agreement which gives rise to a claim for breach of contract or misrepresentation against Zopa. I am sorry to disappoint Mrs M, but I don't consider that her situation meets this requirement and I will explain why.

Although X appears to have scammed Mrs M – as she didn't transact with it for services using her credit card, there is no relevant 'DCS' agreement for her to make a Section 75 claim against Zopa for any wrongdoing by X.

Mrs M's card payment was used to book the flight for a third party with no apparent involvement by Mrs M – who had no direct contact with Y. So, it would be the third party who has a contract with Y for the tickets, and not Mrs M. This means there is not the requisite DCS agreement which gives rise to a claim by Mrs M for breach of contract or misrepresentation by Y against Zopa. This means it would not be possible for Mrs M to make a Section 75 claim against Y.

I appreciate that this is frustrating for Mrs M, but I can't fairly find that Zopa should have accepted liability under Section 75 in these circumstances.

In conclusion, I'm not persuaded Zopa missed a reasonable opportunity to prevent the loss based on the information available to it at that time. I do appreciate how disappointing my decision will be for Mrs M. I am sorry this has happened to her, and I can see she has been the victim of a cruel impersonation scam. But for the reasons I've explained I don't think her losses can be attributed to something Zopa did wrong. So, I don't uphold her complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold Mrs M complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 15 May 2026.

Mark Richardson
Ombudsman