

The complaint

Miss O complains that Monzo Bank Ltd ('Monzo') won't refund a payment she made.

What happened

In 2023, Miss O made a payment to someone she met online. Miss O says they'd been communicating for around five months, and he told her that he was affiliated with a betting company and had helped other people make profit through sports betting. Miss O was interested and made a payment of £718.99 on 9 August 2023, via an online payment service, which debited the money from her Monzo account.

Miss O says she didn't get the return she was promised, so she raised a fraud claim with Monzo.

Monzo initially told Miss O they'd raise a claim under the Direct Debit Guarantee scheme. But, on further investigation, they realised Miss O didn't have a valid claim and told Miss O she should raise a fraud claim with the online payment service, as they were liable for her loss.

Miss O says that the online payment service won't help her and have declined her claim, so she brought a complaint to our service against Monzo.

An investigator looked into Miss O's complaint but didn't uphold it. The investigator explained that it was unclear if Miss O was the victim of a scam, or whether a bet had been placed but was unsuccessful. The investigator wasn't satisfied they could hold Monzo liable for Miss O's loss.

Miss O disagreed with the investigator's opinion and asked for an ombudsman to review her case.

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.

In broad terms, the starting position in law is that Monzo are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's). And I have taken that into account when looking into what is fair and reasonable in this case. But Monzo also has to be on the lookout for, and help to prevent, payments that could involve fraud or be the result of a scam.

Based on the evidence, I'm not satisfied that I can safely conclude that Miss O was the victim of a scam. I say this as it's possible that a bet was placed as agreed, but the bet wasn't successful, and Miss O now wants her money back. In that case, Miss O isn't entitled to a refund from Monzo.

However, even if I was satisfied that Miss O was the victim of a scam, I still wouldn't be able to ask Monzo to refund her. I'll explain why.

Miss O used an online payment service to make the payment, with the funds pulled from her Monzo account via a direct debit. There are certain reasons that a direct debit claim can be raised under the Direct Debit Guarantee scheme, these include:

- The direct debit instruction was switched to another bank account
- The merchant (the money transfer service) collected an amount that differs to what was agreed
- The merchant collected the money outside of the agreed notice
- Miss O didn't recognise the name of the merchant

As none of these situations apply, I'm satisfied that Monzo acted fairly in not raising a direct debit claim and that Miss O isn't entitled to a refund under the Direct Debit Guarantee scheme.

It appears that Miss O initially told Monzo that she hadn't set up the direct debit with the online payment service, then later told Monzo that she didn't recognise the payment of £718.99. However, based on the complaint Miss O raised with our service, I'm satisfied that she has acknowledged she made the payment. Although I appreciate that she feels she made the payment under false pretences and didn't get what she paid for in relation to the bet. But, while Miss O may've lost the funds as the result of a scam, that doesn't necessarily mean that I can fairly hold Monzo liable.

I understand that this is a lot of money for Miss O, but it's a reasonably small payment, and I wouldn't have expected Monzo to have had any concerns or intervened when she made the payment.

For completeness, I'll add that Miss O is not entitled to a refund under the Lending Standards Board's Contingent Reimbursement Model Code (the CRM Code) as the payment wasn't an authorised push payment (APP) – so isn't cover under the CRM Code.

I'm sorry to disappoint Miss O, but I'm not satisfied that I can fairly hold Monzo liable for her loss or ask them to refund her.

My final decision

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 15 April 2024.

Lisa Lowe
Ombudsman