

The complaint and background

Mr R complains Monzo Ltd (Monzo) won't reimburse around £1,500 that he lost when he says he fell victim to a scam.

Our investigator didn't uphold the complaint. She initially set out that she wasn't persuaded that the payments ought to have alerted Monzo to any concerns that he may be falling victim to a scam. And that in the absence of sufficient evidence from Mr R, she wasn't satisfied a chargeback claim would have been successful.

The investigator wrote further to Mr R to explain that she didn't think that Mr R had fallen victim to a scam. Rather, his losses occurred after he'd made payments to a legitimate gambling company V that is licensed and regulated in the UK by the Gambling Commission.

Mr R disagreed with the investigator's findings explaining that all he wanted was his money back. He maintained that he's been scammed.

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'm sorry to learn about the impact this loss has had on Mr R's mental health. But I don't think Monzo is responsible for his loss. I'll explain why.

In broad terms, the starting position at law is that a business is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. There's no dispute that Mr R carried out these transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Where the consumer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the consumer even though they authorised the payment.

But I'm not persuaded the evidence supports Mr R's allegation that V scammed him and that it had no intention to provide genuine services. I say this because:

- i) the payments Mr R made are linked to gambling company V that is licensed and regulated in the UK by the Gambling Commission
- ii) the card payment details aligned to that of V i.e. lottery, betting, and gambling
- iii) at the time, Mr R's account with Monzo shows credits received from V totalling £830.00

In light of this, I don't think it was wrong for Monzo to have declined Mr R's claim

As I'm not persuaded the payments were lost to a scam, I therefore don't think that Monzo ought to have identified the payments as presenting an obvious scam risk such that it should have performed further checks or warned Mr R.

Monzo explained to Mr R in its final response letter that it has exhausted all avenues to try and recover the money he sent from his account.

As Mr R made the disputed payments by debit card I've considered if a chargeback claim is applicable here. I haven't seen Monzo's efforts to raise a chargeback claim, but I'm not satisfied Mr R's claim would have been successful and I'll explain why.

Mastercard is the chargeback scheme operator and they allow card payments to be challenged – but only for specified reasons and under certain conditions. I wouldn't expect Monzo to raise chargeback claims if there was a reasonable prospect of them being successful. And from the limited evidence Mr R was able to present to Monzo at the time of raising his claim and from the limited evidence he's submitted to this service, I'm not satisfied there was a reasonable prospect of success.

Mastercard's rules do not allow chargebacks in relation to gambling where the dispute is about the ability or otherwise to use or withdraw funds. So, it would only be necessary for the merchants to show that they made Mr R's funds available to gamble with. It's not clear what Mr R thought he was doing with V. But as I've set out above, the evidence shows that his Monzo account received credits from V after he made some initial payments. So, I'm satisfied Mr R had the ability to withdraw funds he held with V. And I've seen nothing that indicates he had a prior relationship with V which might otherwise explain these credits.

It's the scheme operator that decides whether a chargeback is successful and this is done strictly within the scheme rules: in this case whether there is evidence that the service (of making funds available to gamble) was provided. Mr R cannot demonstrate that it wasn't and V would very likely be able to. And in Mr R's case, the nature of his claim was that he'd fallen victim to a scam and was unable to withdraw his funds. This isn't something the Mastercard scheme provides a dispute resolution process for.

Whilst I've not seen evidence of Monzo's recovery attempts and whether a chargeback claim was raised, for the reasons I've set out above I'm not satisfied Mr R would have been successful. Therefore, I'm unable to uphold this aspect of the complaint either.

Lastly, Monzo has paid £100 to Mr R in recognition of the delays in it providing a response to his scam claim. I find this a fair reflection of the impact this delay had.

In conclusion, while Mr R has concerns about V I'm not persuaded it is fair to hold Monzo liable for the card payments he made to them.

My final decision

For the reasons given 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 Mr R to accept or reject my decision before 21 November 2024.

Mark O'Connor
Ombudsman