

The complaint

Mr J is complaining that Monzo Bank Ltd won't refund transactions he didn't authorise.

The full details of this complaint are well known to both parties so I won't repeat them again here. Instead I'll recap the key points and focus on giving the reasons for my decision:

- Mr J used PayPal to buy tickets online on 1 November 2019. When he didn't get the tickets or hear from the seller, he googled the number for PayPal and called it to get a refund for what he paid.
- Mr J recalled that he was transferred to the refund desk. He was told that to get the refund, they'd need his card details as well as a code sent to him by text. When the first card didn't work, he provided his Monzo card details. Mr J initially thought he was asked for a code shared by text for Monzo too – but later said he might've been asked to confirm it in the app instead.
- That day, two payments were debited from Mr J's account – totalling £89.71. Monzo declined to refund these because it didn't think the transactions were fraudulent – that's because they were authorised by 3D Secure on Mr J's device.

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 agree with the conclusions reached by the investigator for these reasons:

- In line with the Payment Service Regulations 2017, the starting position is that Mr J isn't liable for payments he didn't authorise.
- I've considered whether Mr J authorised these transactions – and so, in line with the PSRs, whether he completed the agreed steps to make the payments or, whether he gave someone else permission to complete these steps on his behalf.
- Monzo's terms and conditions don't set out the specific steps to make online payments. But the information on Monzo's website explains that Mr J can use his card to make payments online and he'll be prompted to use 3D Secure by specific merchants when making online payments.
- Here, Mr J provided his card details to a fraudster, claiming to be from PayPal, in order to get a refund. So I'm not satisfied Mr J used his card to make these payments online. Indeed, he'd no interaction with the merchant. Instead, it seemed that the fraudster entered his card details on the merchant's website.
- To complete the first payment, Mr J also had to authenticate it in his Monzo app, before returning to the merchant's page to confirm it (a process known as 3D Secure). Mr J can't remember all the details, but thinks he was in the app to give his

card details, and recalls being told he had to do it to get the refund.

- Monzo say that because Mr J completed this step in the app, he authorised the payments. But this was just one step in what he needed to do to authorise the payments. As the PSRs set out, the use of a payment instrument is not in itself enough to say it was authorised.
- It follows that, given Mr J had no interaction with the merchant to either put in his card details to make the payments online or return to the merchant's page to confirm them, he didn't complete all the agreed steps. And given that the only actions he took were in the belief he'd be getting a refund, I'm not persuaded he gave permission for someone else to make the payments on his behalf. They were, therefore, unauthorised.
- Monzo hasn't disputed that the payments were completed by distant contracts, which weren't 'excepted contracts'. So, under consumer law, Monzo is liable for refunding these unauthorised payments in full. And I don't need to consider whether Mr J failed with gross negligence or intent to comply with the terms of the account or keep his personalised security details safe.
- So I conclude that Monzo need to put things right – by refunding Mr J's losses from these unauthorised transactions alongside interest to compensate him for the time he's been out of pocket.
- Monzo should've refunded these sooner. Because it didn't, Mr J had to pursue a lengthy complaint, alongside the distress of being told there's nothing Monzo could do and that it didn't believe the payments were fraudulent. So I also award £75 to reflect Mr J's non-financial losses.

My final decision

For these reasons, my decision is to uphold Mr J's complaint and I order Monzo Bank Ltd, within 28 days of receiving notification from us of Mr J's acceptance of this decision, to:

- Pay Mr J the total of the unauthorised transactions (£89.71), less any amount already returned.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transactions to the date of settlement (less any tax lawfully deductible).
- Pay £75 for Mr J's distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 May 2021.

Emma Szkolar
Ombudsman