

The complaint

Miss G complains that Monzo Bank Ltd (“Monzo”) is holding her liable for transactions which she says she didn’t make or otherwise authorise.

What happened

The circumstances of this complaint are well known to both parties, so I won’t repeat them all again here in detail. But I will provide a brief summary of events below.

In December 2020, Miss G contacted Monzo about some approved and declined transactions on her account which she says she didn’t authorise. The eight approved transactions amount to £126.93. Monzo investigated this matter and declined a refund, which Miss G raised a complaint about.

Monzo says the first of the eight transactions for £1.00 was authorised via 3D Secure. This means the transaction was authorised using Miss G’s Monzo app on her mobile phone; access to which would’ve required her four-digit Personal Identification Number (“PIN”). Monzo says the subsequent payments were credential on file transactions, which allowed the merchant concerned to store Miss G’s card details, and then debit £17.99 from her account fortnightly.

Monzo says Miss G informed it that she had her mobile phone and card in her possession. She added she hadn’t shared her PIN with anyone, and that no one had access to her mobile phone. Based on this, Monzo concluded that it wasn’t possible for the transactions to have been authorised by anyone other than Miss G. So, it refused to refund £126.93 to her. Monzo informed Miss G that it would raise a chargeback claim if she contacted the merchant to dispute the transactions and provided details of this.

Unhappy with Monzo’s response, Miss G referred her complaint to this service.

One of our investigators considered the complaint and didn’t uphold it. In summary, he thought Miss G had authorised the initial £1.00 transaction which consequently led to the further debits. He said he was not persuaded that a third party gained access to Miss G’s card and mobile phone to make the transaction – particularly given the fact her phone was password protected, and her Monzo app fingerprint protected. He also added that Monzo had acted reasonably by telling Miss G what steps she would need to take if she wanted to raise a chargeback claim.

Miss G disagreed with the investigator’s findings and asked for an ombudsman to consider her complaint. In broad summary, she said she hadn’t authorised any of the transactions and that her Monzo app was not fingerprint protected. She also said that Monzo had refused to provide her with information she requested.

Our investigator responded saying his view remained unchanged. He also added that although he appreciated Miss G’s Monzo app was not fingerprint protected, there was still a security code attached to it.

As an agreement couldn't be reached, the complaint has been passed to me to make a 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 agree with the conclusions reached by the investigator for reasons I set out below.

Disputed transactions

The relevant regulations in this case are the Payment Services Regulations 2017 ("the 2017 Regulations"). In short, they state that a payment service provider (in this case, Monzo) is generally required to refund the amount of an unauthorised transaction. However, Monzo can hold Miss G liable for any disputed transactions if the evidence suggests that it's more likely than not that she made or otherwise authorised them.

I'm satisfied from the technical evidence Monzo has provided that Miss G's genuine card was used for the initial transaction of £1.00 to the merchant concerned. With that in mind, I must now consider whether Miss G actually consented to this transaction, which consequently led to the fortnightly transactions of £17.99 thereafter.

Having looked on the merchant's website, I can see from the section where the merchant requests card details for payment, it is stated, amongst other things:

"I agree to participate in the 3 day trial offered for only 2 USD and acknowledge that if not cancelled within due time, my membership will automatically be renewed and converted into a full 14 day membership at the price of 28 USD every 14 days from my subscription."

I'm satisfied that if an individual makes the first payment to the merchant (as described above), they're also agreeing, and thereby authorising, subsequent fortnightly transactions – until that is, the individual decides to cancel their subscription with the merchant.

Miss G says she didn't authorise the initial transaction nor the subsequent ones. So, I've thought about whether a third party did so.

For a third party to have made the initial transaction, they would've needed to be in possession of not just Miss G's card, but her mobile phone as well. I say this because I've seen evidence to show the transaction was authorised via 3D Secure. This means, to complete the transaction, it would've needed to have been authorised through Miss G's Monzo app on her mobile phone, before then returning to the merchant's page to confirm the payment.

Miss G says she didn't give her card or mobile phone to anyone and that they were secure. So, I'm not persuaded that a third party took possession of Miss G's card and mobile phone; and even if they did, I find it unlikely that the third party would've taken a further risk by returning the items to Miss G after making the transaction. Further, even if I were to accept that a third party took Miss G's mobile phone and card – this wouldn't explain how they would've been able to access her phone, which Miss G says was secure. Nor would it explain how the third party knew Miss G's PIN to access her Monzo app, which she says she didn't share with anyone.

I acknowledge Miss G says she didn't make the initial transaction and has seen reports online that the merchant is part of a scam. However, taking all the above factors together, I consider it's more likely than not that Miss G authorised the initial transaction and thereby the subsequent ones (whether intentionally or not).

Further information/chargeback

Miss G says Monzo has refused to provide her with information she has requested. Having considered the online chat log between Miss G and Monzo, I don't agree.

In the course of the chat, Monzo said to Miss G, amongst other things, that once she had contacted the merchant about the transactions, it would raise a chargeback claim. Monzo also said if Miss G spoke to the merchant directly, it would provide her with the information the merchant requires to be able to locate the transactions. Having considered this, I don't find what Monzo said to be unreasonable in the circumstances.

From what I've seen, Miss G has the information she needs to contact the merchant about the transactions. This includes the screenshots of the transactions which Miss G sent to our investigator.

My final decision

For the reasons set out 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 Miss G to accept or reject my decision before 12 August 2021.

Tony Massiah
Ombudsman