DRN-2836070

The complaint

Mr M is unhappy with how Monzo Bank Ltd ("Monzo") have handled his complaint about being the victim of fraud.

What happened

Mr M says that he was subject to blackmail and threats between late 2018 and June 2019, and due to this he gave his account details and cards and PINs to those threatening him. Mr M says they took control of his accounts held with four different banks including an account with Bank A and made transactions without his permission as well as forcing him to make some transactions. Mr M says this continued until they came to his home in June 2019 and took him in a car – threatening him and physically assaulting him. Mr M says at this point he was scared of what would happen next and went to the police.

It's been unclear exactly how Mr M's details were initially compromised. He has told us that his father wanted to learn about online trading, so Mr M helped him find a third party via the internet to help with this. And that within a few days of contacting that third party, Mr M and his father started to be blackmailed.

Mr M has also told us that he wanted to learn how to trade in forex and found a course online. He says he gave his card details and was tricked into sharing his bank details for his account with Bank A after he was told a trade account had been set up for him. As part of setting up that trade account, Mr M also shared his driving licence. He says that shortly after this he noticed unauthorised transactions on his account with Bank A, so he contacted the third party who had set up the trade account and complained. Mr M says they told him that if he did anything they would come to his house and hurt his friend or his family.

Mr M says that both himself, his father and a friend were subject to blackmail and threats and all lost money to the fraudsters. Mr M says they knew his home address and came to his house on some occasions and threatened him with violence. He says he had to open new accounts with Monzo and Bank B as he lost control of his accounts with Bank A and another bank. But that the fraudsters found out about the new accounts and took control of those as well. Eventually all of Mr M's accounts with all four banks were closed.

Mr M says the fraudsters called from a withheld number and came to his house and deleted their conversations with him from his phone – so he doesn't have any evidence of his contact with them. But Mr M has provided four screen shots of messages which appear to be from around May 2019. Mr M gave us the name and contact details for the police officer overseeing his case, as well as a letter from Victim Support.

Mr M's Monzo account

In March 2019, two transfers were made out of Mr M's Monzo account which he says he didn't make. Mr M says the fraudsters got his Monzo PIN and downloaded the banking app onto their phone.

Below are some transactions made on Mr M's account before the disputed transactions, with the disputed transactions in bold.

Date	Time	Place/location	Type of transaction	Amount
21.2.2019		Faster payment credit from MM		£37 cr
6.3.2019		Faster payment credit to account		£1,167.57 cr
6.3.2019		**Faster payment to MM**		**£500.00**
6.3.2019		**Faster payment to MM**		**£667.64**

Mr M raised a complaint with Monzo, asking them to refund him for the two payments.

Monzo investigated Mr M's complaint but declined to refund him. Saying Mr M told them that no one else had access to his device or PIN, therefore they couldn't see how someone else carried out the transactions. They told Mr M they weren't prepared to reopen his account but accepted that they should've acknowledged receipt of his complaint sooner and offered £25 for the poor service.

Mr M wasn't happy with Monzo's response, so he brought a complaint to our service.

An investigator looked into Mr M's complaint and didn't uphold it. Ultimately, he felt Mr M had consented to the transactions by giving the third parties the means to access his account. And that Monzo hadn't acted unfairly in closing Mr M's account. They also felt the £25 payment made by Monzo was a fair award for the poor service he received.

Mr M disagreed with the investigator's opinion, so the case was passed to me to review.

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've also very carefully considered everything that Mr M has told us including his most recent contact with us, and I've taken into account the law, regulator's rules and guidance, relevant codes of practice and good industry practice at the time.

Can Monzo hold Mr M liable for the disputed transactions?

Generally, Monzo can hold Mr M liable for the disputed transactions if the evidence suggests it's more likely than not that he made or authorised the transactions himself.

In this case it's not in dispute that Mr M's PIN was used via a mobile banking app to make the transfers. But the regulations relevant to this case say that is not, on its own, enough for Monzo to hold him liable. I also need to think about whether the evidence suggests that Mr M consented to the transactions being made.

Monzo has provided evidence with regards to the two payments Mr M is disputing as well as for a credit that Mr M received into his account a couple of weeks prior. The disputed transactions were made to a party I'll refer to as MM. The evidence from Monzo shows that the account these funds were sent to, matches the account Mr M received a credit from a couple of weeks prior. This suggests that the disputed transfers were paid to someone Mr M already knew. Also, Mr M isn't disputing the payments made between the time he received the credit from MM and the two transfers he says he didn't make, which suggests that the fraudsters didn't have control of his account prior to the two transfers.

The evidence also shows the device ID details for the device the banking app was used on to make the payments. The payments were made on a device with the same make, model and device ID that Mr M had used for prior genuine transactions through the app - that he isn't disputing. So, I'm not persuaded that these transactions were completed by someone else.

Mr M has told us that during this time he was being blackmailed and threatened. But the Payment Service Regulations 2017 (PSR's) set out the circumstances under which we would consider a consumer to have consented to transactions. While I accept what Mr M has told us, being coerced or pressured into giving consent doesn't change the starting position under the PSR's that he has given consent. And in the circumstances, I think it's more likely than not that Mr M actually made these payments himself or at the least authorised the transactions by providing his PIN. Therefore, I can't fairly ask Monzo to refund Mr M.

However, I've also considered whether Monzo could've or should've done anything to prevent these transfers from being made on Mr M's account.

Could Monzo have prevented the payments?

In this case there were only two transfers made, and both were for under £700. They were made by a payment method that Mr M had used previously and to a payee Mr M had used before. Based on this, I'm not persuaded that there was enough about these two payments that made them appear so unusual and out of character whereby they should've flagged with Monzo.

As I wouldn't have expected them to flag with Monzo, I can't see that Monzo missed an opportunity to have stopped or prevented the payments.

Have Monzo acted fairly in closing Mr M's account?

Monzo are entitled to end their banking relationship with Mr M in line with their terms and conditions, in the same way that he can decide that he doesn't want to bank with them anymore. From what I've seen Monzo haven't acted unfairly in closing Mr M's account.

I appreciate that Mr M wanted Monzo to reopen his account, but they aren't obligated to do this.

Monzo has already offered Mr M £25, saying the level of service he received could've been better – specifically that they should've acknowledged his complaint sooner. Based on what I've seen the £25 is a fair award for this.

Having considered everything, I'm satisfied that Monzo can hold Mr M liable for the disputed transactions and I won't be asking them to refund him. Also, they've acted fairly and reasonably in closing Mr M's account and have adequately addressed the poor service they say Mr M received. So, I won't be asking Monzo to do anything further.

My final decision

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 M to accept or reject my decision before 21 July 2021.

Lisa Lowe
Ombudsman