The complaint

Miss K complains Monzo Bank Ltd ("Monzo") won't refund her a transaction she disputes to having made.

What happened

In October 2020, a payment of £5 was debited from Miss K's Monzo account. This transaction was made to a charity organisation. Later, that same day, Miss K contacted Monzo using its chat service to say she hadn't made this payment.

Miss K told Monzo she hadn't left her house the entire day, and she was in possession of her debit card. Miss K explained she had made a payment to the charity two days ago when she was in London. Miss K doesn't live in London but often travels there.

Monzo said it wouldn't refund the transaction based on the timeline of events and the evidence it has available. Monzo added it could not understand how somebody other than Miss K made this transaction.

Unhappy with what Monzo said, Miss K complained. In its final response, Monzo said it was unable to overturn the original outcome. It had reason to believe the transaction wasn't fraudulent and so it didn't have to refund it. Monzo reiterated that based on the timeline, and evidence available, it wasn't possible for anybody other than Miss K to have authorised the transaction.

Miss K then referred her complaint to this service. One of our investigator's looked into the matter. In summary they found:

- Monzo had shown the transaction was authorised as the card was physically presented for a contactless payment

- There's no objective evidence to show the transaction was fraudulent and carried out by somebody else

- If someone else had taken the card without Miss K's permission, then our investigator would have expected more attempts to spend money. As there were no further attempts to use the card, this isn't usual fraudulent behaviour

- There was no accounting for why, or how, someone would take and then return the card to Miss K without her realising

Amongst other things, Miss K and her partner were dissatisfied with not having seen the evidence our investigator relied on. They maintained they were not in London on the day of the disputed transaction, and they didn't leave their home.

It follows I must now decide this matter.

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 that, I've decided to not uphold this complaint. I know this will disappoint Miss K, so I'll explain why.

Generally, Monzo can hold Miss K liable for the disputed transaction if the evidence suggests it's more likely than not, she made or authorised it herself.

I'm satisfied from the bank's technical evidence Miss K's genuine card was used to make the disputed transaction. I say that because Monzo has given me records which show the card number used, that it was a contactless transaction, and a chip was present.

Monzo have also given me a screenshot of its internal systems which is headed 'Authorization Request'. Against where its says 'Auth Decision Type' it says 'purchase.contactless_mchip'.

But the regulations relevant to this case say that is not, on its own, enough to enable Monzo to hold Miss K liable. So I also need to think about whether the evidence suggests it's more likely than not Miss K *consented* to the £5 contactless payment being made.

Miss K says she never left her house on the day the disputed transaction was debited from her account - so she could not have carried it out. Miss K made a £10 donation to the same charity cause two days prior. She says she did so in her local town. I note Miss K uses her Monzo account quite a bit, and relatively speaking £5 is a nominal amount. Miss K adds that this complaint isn't about the money – but the principle of Monzo safeguarding her money and making payments only with her authorisation.

Where matters aren't clear or there isn't conclusive evidence, I can make my decision on the balance of probabilities. That is, what I think is most likely to have happened.

I've already said that I'm satisfied from the evidence I've seen the genuine card was used. I've also seen a screenshot of Monzo's system which shows the time and date the transaction was presented to Monzo for authorisation. They were on the same day as when the payment was debited from Miss K's account.

So, for this transaction to have taken place without Miss K's knowledge someone would have taken the card without her realising, carried out the transaction, and then returned it to Miss K within a few minutes. I say that because Monzo's records show the payment was presented to it at 16:45 for authorisation and its chat records with Miss K, when she reported the issue, starts at 16:49.

If someone was attempting to defraud Miss K, then its most likely they would have maximised any spending opportunity and not just pay a charity and then return the card. So I think it's most likely either Miss K carried out the transaction, or someone she authorised did.

I note Miss K argues this payment was carried out in London – and she wasn't in London that day, so it could not have been her. But I don't think I can place much weight on that as the payment two days earlier which Miss K says she did make to the same charity cause also shows as London on the statement. But Miss K says she carried that out in her local town.

I think both payments likely show on the statement, and on Monzo's records, to a charity based in London because that's the main registered address for it - regardless of what town the payment was made in physically.

It’s possible, given the nominal amount and it showing us having taken place in London, caused some confusion. But from all the information, which I’ve carefully reviewed, I think it’s more likely than not Miss K, or someone she authorised, carried out the transaction.

In reaching this conclusion, and against the backdrop of her banking activity, I have found it difficult to understand why Miss K would dispute such a relatively small payment and do so within a few minutes of it being debited. So I have very little reason to question Miss K’s version of events. But I must place appropriate weight on all the evidence that is available to me.

Having done that, the evidence shows the genuine card was present and its chip read. And as the payment could equally have taken place more locally, I find Monzo have acted fairly and reasonably by holding Miss K liable for it.

Lastly, and for the sake of completeness, I’ve considered whether this payment may have been made a few days before it was presented, and then debited, Miss K’s account. That can sometimes happen based on any inherent delays in the banking systems and processes. Monzo say nothing like this happened.

But even if there was a delay of this type, that would still mean the card was present given what Monzo’s internal records show. It could mean though that Miss K may have authorised a second payment on top of the £10 she says she did pay the charity.

Monzo suggested Miss K speak to the charitable organisation and ask them what could have happened. Miss K didn’t choose to do this, and that of course is her choice. But if there’s been some error or misunderstanding on that organisation’s part, they would be best placed to resolve it for her.

My final decision

For the reasons I’ve given above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss K to accept or reject my decision before 17 August 2021.

Ketan Nagla
Ombudsman