

## **The complaint and what happened**

Miss C complains that Monzo Bank Ltd won't reimburse transactions she didn't make or otherwise authorise.

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

- Miss C received an email purportedly from her university indicating she was due a tax refund of over £500. To receive it she needed to complete some details accessed through a link in the email. This included her bank details.
- On 30 May 2020, she received a call from someone claiming to be Monzo, telling her that payments were pending on her account and checking if they were her. When she explained not, she was told her account was at risk as was an account she held with another bank. She agreed to move £10,000 from her other bank into her Monzo account and she was told her account would be upgraded to one with a higher level of security. During this process she was asked to forward an email onto a Monzo email address which she did.
- After being on hold, she was told to delete her existing Monzo banking app and was given a new link to download a different version of the app. But Miss C downloaded the app outside of that link and that's when she realised £10,120 had been taken out of her account in multiple transactions.
- Miss C's other bank has refunded £5,000. But Monzo didn't reimburse Miss C as it said she had acted with gross negligence in sharing her details.
- Our investigator upheld the complaint. He wasn't persuaded Miss C authorised the transactions. And given how the scam unfolded he wasn't persuaded she had failed with intent or acted with gross negligence.
- Monzo asked for the matter to be referred to an ombudsman, it considers Miss C forwarding on the 'magic link' to access the account, despite warnings not to share it, means she has acted with gross negligence.

## **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 the following reasons:

- In line with the Payment Services Regulations 2017 (PSRs), Miss C isn't liable for payments it didn't authorise or otherwise consent to, unless she failed with intent or gross negligence, to comply with the terms of the account or keep the account security details safe.
- I've considered whether Miss C authorised the transactions that have been disputed, and so in line with the PSRs, whether she completed the agreed steps in the form and procedure required to make the payments or gave someone else consent to complete them.

- The terms and conditions say *“To make a bank transfer we need the name, account number and sort code, and account type (personal or business) of who you’re sending money to. You’ll need to enter your PIN or prove it’s you using your fingerprint or facial recognition to consent to the transfer.*
- Whilst there is no dispute Miss C forwarded on the ‘magic link’ than enabled access to her bank account, I haven’t seen any persuasive evidence or arguments that it was Miss C that completed the steps needed in order for the payments to be made, or that she consented to someone else doing so. As I’m not persuaded Miss C completed all the agreed steps to make the payments from her account, or that she consented to someone else doing so, I find the total payments of £10,120 were unauthorised.
- I don’t find Miss C failed with intent to keep her security credentials safe – she believed the information provided necessary to secure her account.
- I have considered very carefully the arguments Monzo has made about Miss C being grossly negligent. And I think this is very finely balanced. But overall, given the context in which the information was shared, I don’t find Miss C failed with gross negligence to keep her security credentials safe.
- When she received the call, she was told she was speaking with Monzo. And when she checked the number that was calling her on-line, this was Monzo’s international number, so it would appear and from its records Monzo seems to accept, that its genuine number had been spoofed by fraudsters pretending to be it. So Miss C did take some steps to try and verify who she was speaking to.
- Miss C says she was asked to provide her full name and email address and thought this was part of a verification process. And I understand that Miss C was asked to forward an email which contained the ‘magic link’ to a Monzo address. It was unlikely that address was genuine, but even Monzo itself understands that would have added to Miss C’s reassurance that she was genuinely dealing with Monzo (as this is in its records). I’m not aware of anything that would or ought to have alerted Miss C to the email address not being genuine.
- I have considered the content of the ‘magic link’ itself. I fully accept there is a red box at the top of the warning which tells the recipient not to share the email with anyone, including it. I can also see at the bottom that Monzo explains it has seen fraudsters pretending to be Monzo and asking customers to share it. It further says Monzo will never ask a customer to share it. I agree in the normal course of accessing an account, customers are likely to have time to read and digest this information. However, that is far from what was happening here. Miss C was under the impression more than one of her accounts was at risk from fraudsters and she was told to follow the instructions given to make her account safe – indeed to be given a higher level of protection. Fraudsters prey on a customer’s concern and worry in these situations and rely on them following those instructions quickly and without delay. And Miss C has told us she only spent a few seconds on this page and didn’t see the warnings. In the circumstances, I can fully understand how a warning, such as those given here, could be missed, particularly when told the steps being taken were necessary to prevent fraud.
- Overall, I don’t think she seriously disregarded an obvious risk or therefore, failed with gross negligence. I think a lot of people would have been fooled into doing the same or something similar. It follows that I don’t think Miss C’s actions falls so far below what a reasonable person would have done that it amounts to gross negligence. So I conclude Miss C isn’t liable for the transactions in dispute and Monzo needs to put that right – by refunding the loss from the unauthorised transactions, less the reimbursement she has received from her other bank, and interest to compensation Miss C for the loss of use of those funds.
- Whilst the initial cause of Miss C’s loss was by the fraudster, by not refunding this money sooner when it ought to have, she has been caused further distress and

anxiety as a result of not having those funds available to her. And I agree with the investigator £70 for delays in investigating matters doesn't go far enough to compensate for the impact its actions had.

### **My final decision**

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Limited to:

- Refund Miss C £5,120 (less any funds since recovered); and
- Add 8% simple interest from the date of loss to the date of settlement (less any lawfully deductible tax); and
- Pay a further £180 to Miss C to compensate her for the distress caused by Monzo's handling of this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 31 December 2021.

Claire Hopkins  
**Ombudsman**