

The complaint

Ms C is complaining that Monzo Bank Ltd won't refund transactions she didn't authorise.

What happened

- On 29 July 2020, Ms C was contacted by someone claiming to be from Monzo's fraud detection team – they said they'd noticed two fraudulent direct debits and that to stop them, they'd need some details from Ms C.
- They sent her a text message, that came up from 'Monzo', which contained an email address. They asked her to forward an email she received to the email address from the text. They also asked for her access code.
- After following their instructions, Ms C became suspicious and contacted Monzo via its app. Around the same time, two payments left Ms C's account – for £70 and £800, taking her £493.44 into her overdraft (including a £0.45 overdraft fee).
- Monzo refunded her overdrawn balance as well as £70, as it happened after Ms C notified Monzo about what happened – but it didn't agree it was responsible for the remaining losses. It also offered to pay £100 as an apology for the service Ms C received from Monzo – in reporting the fraud on this account, and another that's the subject of a separate but linked 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 these reasons:

- In line with the Payment Service Regulations 2017 (PSRs), Ms C isn't liable for payments she didn't authorise, unless she failed with intent or gross negligence to comply with the terms of the account or to keep her personalised security details safe.
- It's agreed Ms C didn't authorise these payments. And I don't think she failed with intent to keep their details safe, because she thought what she was doing was to protect her account from fraud.
- So the remaining question is whether Ms C failed with gross negligence. I'm not satisfied she did.
- The caller said they were from Monzo's fraud detection team, her genuine bank, and they knew personal information about her. They said they'd detected two suspicious direct debits – and to stop that, they needed further information.

- Given that she'd recently spoken to Monzo via its app about fraud, and it had been suggested that her card details were compromised, I can see how Ms C trusted the caller and what they told her – I think lots of people would've done.
- Monzo point out that the caller didn't spoof its number – instead it came up as 'no caller ID'. But I can see why that didn't ring alarm bells. Most people aren't contacted regularly by their bank's fraud team, to be confident how their number appears on their phone.
- To stop the attempted fraud, the caller asked Ms C for some information. As part of that, they sent a text message that appeared to be from 'Monzo' with an email address. They asked her to forward the latest email from Monzo to that email address. This allowed the fraudster to login from a new device.
- Monzo highlight there's a warning in the email that's clear what it's for and that it shouldn't be shared, with a red background. In doing so, it says she seriously disregarded an obvious risk.
- While I recognise Monzo's concerns, I'm mindful of the particular circumstances of this scam. Ms C explained she was under pressure to act quickly and she wasn't given time to read the email – it was only afterwards she realised it was a scam. I've also considered that Ms C didn't need to interact with the email itself – just forward it on. And how, by the fraudster sending a text from 'Monzo', they had cleverly given themselves an air of legitimacy as well as giving Ms C the ability to complete the task quickly. These circumstances, combined with Ms C's trust in the caller, mean I can see how this unfolded – and I disagree that her actions here meant she *seriously* disregarded an *obvious* risk.
- In saying this, I've also considered Ms C shared her access code to the app. She's explained how, in the moment, she didn't realise it was the same as PIN, and she believed that it was standard procedure. I've thought about her belief in who she was speaking with, and that businesses do have different ways of verifying their customers – some involving PINs and passwords – so I understand how this happened. I don't think it means Ms C fell *so far below* what a reasonable person would've done.
- Monzo has also highlighted the length of the call – it doesn't think someone could be persuaded in this time. But I don't think it's so short that it means Ms C must have been *significantly* careless – indeed, it could also highlight how well they persuaded her, and the pressure she felt to act quickly. I've also considered that it ended abruptly, as she realised during the call itself that something was wrong. So this doesn't change my mind.
- On this basis, I don't think Ms C failed with *gross* negligence. So, I conclude Ms C isn't liable for the transactions and Monzo need to put things right – by refunding her losses from these unauthorised transactions alongside interest to compensate them for the time they've been out of pocket.
- Monzo has agreed to pay £100 to recognise the way it handled things after Ms C told it about what happened. To be clear, that's in recognition of this account and another Monzo account that was affected by the same scam.

- I think that's a fair reflection of her distress and inconvenience caused by Monzo not sorting things out sooner. So I have awarded £50 under this complaint, with a further award addressed in a separate but linked decision.

My final decision

For these reasons, my decision is to uphold Ms C's complaint and I order Monzo Bank Ltd to:

- Pay Ms C the total of the unauthorised transactions on her account (£870), less any amount already returned (which I understand is £563.44).
- 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 Ms C £50 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 16 December 2021.

Emma Szkolar
Ombudsman