DRN-3047452

The complaint

Miss L complains that Monzo Bank Ltd won't refund disputed transactions she says she didn't make or authorise.

What happened

Miss L had a bank account with Monzo. She also held an account with another bank, which I will refer to as bank B.

In April 2020, Miss L was out of work, so she made a benefit claim via the Department of Work and Pensions (DWP). DWP paid Miss L's benefit funds into her account held with bank B, which was the registered account with DWP.

Following this, Miss L says she fell victim to a scam. She's said that she received several calls from fraudsters purporting to be from DWP. And that she was offered an advance benefit payment. Miss L's explained that during the calls she provided the fraudsters with details of her email address, bank account, and passwords associated with her DWP account. But she never provided her PIN relating to her Monzo bank account.

On 14 May 2020, Miss L logged into her Monzo account and transferred her entire balance of just over £760 out of her account and into her account with bank B. Within a couple of hours of Miss L doing this, two payments of £340 and £1,130 were paid into the account Miss L had with bank B from DWP.

Miss L says remembers receiving a text alert from bank B, and that she wanted to put the money aside to save. So, she moved the money she'd received from DWP into her Monzo bank account. Soon after doing this, the funds were transferred out of her Monzo account, in three separate transactions. Miss L says she never made these transactions.

DWP contacted Miss L and asked her to repay the money it had given her in May 2020. Miss L told DWP that she'd never made the claims and had been the victim of a scam. She checked her DWP account and discovered that two claims had been made with false information. DWP said it couldn't do anything and told her to contact her bank. And said she still had to repay the money. So, Miss L went to Monzo and asked them to investigate.

Monzo looked into the transactions and said it thought Miss L authorised them. So, it didn't refund her. In summary, Monzo said:

- the payments were authenticated using Miss L's PIN and there was no plausible explanation for how an unknown third party had become aware of the PIN
- Miss L's PIN was needed to set up and authorise the three payments on 14 May 2020 that she disputed
- a new device, which hadn't previously been verified by Miss L, accessed her account on 14 May 2020

- Email links known as *'magic links'* were sent to Miss L's email address which were needed to login to Miss L's account via the mobile banking app to make the disputed transactions

- Miss L didn't contact Monzo to report the fraudulent activity until 30 June 2020, despite logging into her account prior to this date

- Miss L moved her entire balance shortly before the DWP payments came into her account, which suggested the activity was planned and done with Miss L's knowledge and consent

Miss L disagreed with Monzo's decision. She said she didn't authorise the transactions and was the victim of a cruel scam. She said she is now having to repay the money to DWP, which is going to take her a number of years to clear. She wants Monzo to refund her the money so that she can return it to DWP. So, she brought her complaint to this service where one of our investigators looked into the matter.

In summary the investigator said that:

- to make the payments access via the Monzo banking app was needed which required a 'magic link' to be sent to the email address registered to the account
- two magic links were sent to Miss L's email address a few minutes before the disputed transactions were made
- a new device was used to make the disputed transactions from a different IP address normally associated with Miss L, was set up on Miss L's account shortly before the transactions were made
- Monzo's security processes required Miss L's card PIN to be entered into the banking app to set up new payees and authenticate them. Only then could payments be made
- Miss L said she hadn't disclosed her PIN to anyone – including during the phone calls Miss L said she'd had with the fraudsters. So, there's no plausible explanation for how an unknown third party could have set up the new payees and make the disputed transactions
- Miss L hadn't provided any evidence of her phone calls with the alleged fraudsters and there was no evidence that her account with bank B was compromised
- there's no explanation for how an unknown third party would've known Miss L intended to move the DWP funds from bank B into her Monzo account
- Miss L hasn't provided any explanation for why she moved her entire Monzo account balance out of the account into her account with bank B just before the DWP payments credited the account and the disputed transactions were made

Overall, the investigator concluded that it was more likely than not that Miss L had authorised the disputed transactions.

Miss L disagreed. She said the evidence clearly showed a third party had accessed her account and made the transactions. She maintained that she had been the victim of fraud and had reported what happened to Action Fraud.
As no agreement could be reached the matter has come to me to decide.

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.

The investigator wrote a detailed view that sets out the full facts, the disputed transactions, the relevant regulations and the evidence. Both Miss L and Monzo have read the investigator's view. So, I won't repeat every detail here, only those which form the basis of my decision. However, I can assure Miss L that I've read the file, including her comments and evidence.

Where the evidence is incomplete, inconclusive and contradictory, I have to make a decision of the balance of probabilities – on what I consider to be more likely than not to have happened.

Generally speaking, Monzo can hold Miss L liable for the disputed transactions if the evidence suggests it's more likely than not that Miss L made them or authorised them. The relevant regulations, to this effect, are the Payment Services Regulations 2017 (the PSRs 2017). The PSR's also say that someone acting as an agent on behalf of Miss L can be treated as acting with apparent authority when making transactions on her account.
Miss L says she didn't make the disputed transactions. She says she's been the victim of fraud and was duped into disclosing personal information during phone calls. And that she was tricked into believing she was entitled to receive a DWP benefit advance. So, my primary concern is to come to a view about whether or not I think Miss L authorised the transactions.

For each transaction Monzo has been able to provide evidence to show the payments were appropriately authenticated using Miss L's PIN. But that's not enough to hold Miss L liable. I also need to consider whether the evidence suggests she consented to the transactions. or whether she is the victim of fraud as she's alleged.

Having looked at all the evidence, I'm not persuaded that Miss L has been the victim of fraud as she's suggested. And I'm satisfied that it's more likely than not that Miss L authorised the transactions she is disputing. I say this because:

- in order to set up new payees on Miss L's account, her PIN had to be entered and verified. This means that whoever made the transactions needed to be in possession Miss L's PIN. And Miss L has said she never disclosed this to anyone – including during her alleged phone calls with the DWP fraudsters
- Miss L moved the DWP payments out of the account linked to her DWP profile and into her Monzo account. But there is no plausible explanation for how an unknown third party would be aware that Miss L had done this. And would have needed to access another of Miss L's account to get their hands on the cash. The only person who was aware of this, was Miss L. I've also kept in mind that according to Miss L, the fraudsters would've been aware of Miss L's account with bank B, because this was linked to her DWP profile. So, they already had access to the account the money was paid into. But there's no evidence that this account was compromised
- on 14 May 2020 between 1.08pm and 1.11pm, Miss L transferred her entire Monzo balance of just over £760, into her bank B account. When asked for an explanation about why she did this, Miss L said she couldn't remember. However, of significance is that just after Miss L did this, the alleged fraudulent activity commenced. Between 1.19pm and 1.51pm the DWP payments were approved. At 1.28pm and 1.31pm magic links were sent to Miss L's email address. At 1.32pm an unknown device is

linked to Miss L's Monzo account. At 1.59pm Miss L transferred the two DWP payments into her Monzo account from her bank B account. At 2.10pm, 2.34pm and 2.49pm the funds were transferred out to three new payees. I think the timing of these actions is quite telling. And shows that the series of events were planned, well-co-ordinated and protected Miss L's existing funds. I think it's therefore unlikely this could've been achieved without Miss L's knowledge and consent

So, when I weigh everything up, I find on balance, that Miss L made or otherwise authorised the disputed transactions. It follows that Monzo is entitled to hold her liable for them. I know Miss L will be disappointed, but for the reasons I've given I can't ask the bank to refund her.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 20 October 2021.

Sharon Kerrison
Ombudsman