

The complaint

Mr C complains that Monzo Bank Ltd won't refund transactions on his account he says he didn't make or authorise. He also complaint about the closure of his account.

What happened

Mr C had an account with Monzo.

On 30 October 2020, two transactions were made from Mr C's account totalling just over £51. Monzo says the transactions were authorised using Apple Pay, on Mr C's mobile phone so it thought the payments must have been made using Mr C's phone with his knowledge or permission.

On 31 October 2020, Monzo reviewed Mr C's account. Following its review, it decided to close Mr C's account immediately. And it wrote to him to let him know he needed to make alternative banking arrangements.

On 2 November 2020, Mr C contacted Monzo to find out why it was closing his account and to raise a fraud claim for the two transactions that had been made on 30 October 2020.

Mr C said he'd never made the transactions and had sold his mobile phone before the transactions were made. And he'd ordered a new phone on 28 October 2020. He provided a receipt for the sale of his phone. He also said that the bank card used to make the transactions had been lost and he'd reported this to Monzo.

Mr C provided a taxi receipt which he says placed him over a hundred miles away from where the transactions were made and a copy of the invoice for the sale of his phone to support what he'd said.

Mr C wants Monzo to explain why it closed his account. He said he had trouble paying his bills due to the disputed transactions. And had to use his credit card instead. He wants Monzo to pay him compensation for the trouble and upset he suffered and refund the transactions.

Monzo looked into the transactions and said it thought Mr C authorised them. So, it didn't refund him. In summary, Monzo said:

- The payments were authenticated using Apple Pay using a mobile phone
- The mobile phone that was used was registered for Apple Pay on 2 June 2020
- Mr C told Monzo he'd sold his mobile phone the week before the disputed transactions were made and bought a new phone. However, only one device has been linked to the account
- The card used for Apple Pay (ending 2907) was activated on 25 October 2019
- Mr C told Monzo there was no security on the phone he sold, but it's not possible for Apple Pay to be used on a device if there is no security in place
- The first disputed transaction was facilitated by an inbound undisputed faster

payment for the same amount, one minute prior to the disputed transaction being made

Monzo also said it had closed Mr C's account in line with the terms and conditions. However, it accepted it had taken too long to return Mr C's balance of £17 to him and offered to pay Mr C 8% interest for loss of use of the funds.

Mr C disagreed with Monzo's decision. He said he didn't authorise the transactions and says he's out of pocket. So, he brought his complaint to this service where an investigator looked into the matter.

The investigator said Monzo hadn't acted unfairly when it declined Mr C's fraud claim. She noted there were some variances in the explanation Mr C had given Monzo about losing his bank card, and the technical evidence showed Mr C was moving money into and out of his account using his 'sold' mobile phone minutes before the disputed transactions were made. The investigator said that Monzo hadn't done anything wrong when it had closed Mr C's account and the bank's offer to pay interest was fair and reasonable.

Mr C disagreed with the investigator's opinion. He maintained he never made the transactions.

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 Mr C 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 Mr C that I've read the file, including his comments and the evidence he's provided.

The basic position is that Monzo can hold Mr C liable for the disputed transactions if the evidence suggests it's more likely than not that Mr C made them or authorised them. The relevant regulations, to this effect, are the Payment Services Regulations 2017 (the PSRs 2017). That means Monzo needs to show that the payment was authenticated via Mr C's personalised security credentials and payment instruction, and that he consented to it being made.

I'm satisfied that the payments were authenticated using personalised security credentials and a Monzo approved payment instruction – in this case Apple Pay. This involved using a passcode sent by text to set up Apple Pay on Mr C's phone, his card details being registered, and then the payment being requested through this service. So far as I'm reasonably aware, Apple Pay is secure, utilising a passcode known only to the account holder and/or unique personal identifiers such as fingerprints, a PIN or face ID technology.

What's in dispute here is whether Mr C consented to the two disputed payments. To help me reach a conclusion about whether Mr C or someone acting on his authority made the payments, I've considered what Mr C's said happened, and looked at the paperwork he's provided regarding the sale and purchase of his mobile phones. I've also considered

Monzo's records, including the technical data behind each transaction, his account activity and mobile banking records along with the call recordings of Mr C disputing the transactions.

Having looked at all the evidence and considered Mr C's explanation carefully I'm not persuaded by what Mr C has said. And on balance I've ruled out that a third-party fraudster was responsible. I've considered what the PSRs say about apparent authority too and I'm satisfied that Mr C did consent to the transactions he is disputing. So, I don't think it would be fair or reasonable to say Monzo needs to refund him. I say this for the following reasons:

- When Mr C contacted Monzo on 2 November 2020 to make a fraud claim, he told the bank that he was still in possession of his bank card ending 2907 which was linked to Apple Pay and used to make the disputed payments. And that he'd last used the card on 29 October 2020. But when he brought his complaint to us, he told us that he'd lost the card some time ago and reported this to Monzo.
- Mr C hasn't provided any evidence to support he'd lost his bank card. And Monzo don't have any record of Mr C reporting the card used to make the payments was lost at any time. I note too that Mr C's card was used to make two undisputed online payments on 29 and 30 October 2020, which suggest to me that Mr C hadn't lost his card. This makes it very difficult for me to place much weight on what he's said.
- The technical evidence shows that the disputed payments were made using Apple Pay, through Mr C's card ending 2907 being loaded onto a mobile phone device enabling it to be used for contactless transactions – which is what happened to make the two payments on 30 October 2020
- Mr C says he sold his mobile phone on 29 October 2020. And bought a new phone on 28 October 2020. And he's said the phone he sold had no security on it. But security *is* required on a device to authenticate Apple Pay transactions. This can be Face ID, a passcode, or fingerprint. In other words - no payments can be made without completing security. So again, there are discrepancies in what Mr C in what has told us. Given the type of security required it seems unlikely that an unknown person made these transactions without Mr C's knowledge or permission. I say this because they would've needed Mr C's security details to make the payments as well as physical possession of Mr C's mobile phone.
- Monzo has provided evidence to show that one mobile device and the one used to make the disputed transactions, is the only device on which Apple Pay is set up using Mr C's card ending 2907.
- I know Mr C has provided a receipt he says shows that he sold his mobile phone before the disputed transactions. But when asked for more information by our investigator regarding the sale such as an advert, or any communications arranging the sale he wasn't able to provide anything, which I find unusual.
- Monzo has provided evidence that shows Mr C was accessing his Monzo account from his 'sold' mobile phone before and after the disputed transactions. I note too that Mr C sent £30 to his Monzo account a minute before the first disputed transaction and this was for the same amount as the disputed payment. Prior to this there wasn't enough funds in the account.
- Mr C's 'sold' mobile phone was used by Mr C on 31 October 2020, when Monzo sent Mr C an account closure email, Mr C used the phone to speak to the bank via the in-app chat, to provide his account details to receive his closing balance. So, I'm satisfied that Mr C was *still* in possession of the mobile phone which was used to make the disputed payments via Apple Pay.
- Mr C says he was in a different location at the time the disputed transactions were made – more than a hundred miles away. And he's provided a taxi receipt in support of what he's said. I'm afraid I don't find this evidence compelling. I say this because

Mr C told Monzo he was in another location to the one relating to the taxi ride. I've also kept in mind that it's possible for Mr C's taxi account to make bookings for third parties.

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

I then turn to the bank's decision to close the account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed. As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. I'm satisfied here that the bank's decision to stop providing Mr C with banking facilities was reached legitimately and fairly.

Banks should however, give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case Metro closed Mr C's account without notice. Having looked at all the evidence, in my view that wasn't unreasonable. And I'm satisfied that the bank acted in line with the account terms and relevant regulations. So, whilst I accept the bank's actions caused Mr C inconvenience, I can't say the bank has done anything wrong when it closed Mr C's account without notice. I've kept in mind that Mr C had access to at least one other bank account at the time so I think the impact of the immediate closure would have been reduced. The bank also isn't obliged to provide Mr C with an explanation for its decision.

I can see that at the time Monzo closed Mr C's account his balance was £17. Monzo accepts it should have returned this money to Mr C sooner than it did. And took around a month longer than it should have. It has agreed to offer Mr C interest for loss of use of these funds. I'm satisfied that this is a fair and reasonable way to settle this aspect of Mr C's complaint. So, I won't be asking Monzo to do anything more.

My final decision

My final decision is that to resolve Mr C's complaint Monzo Bank Ltd should pay Mr C 8% simple interest on the balance of his account, which was £17. Monzo should pay the interest from 10 November 2020 until the date they released the money, which was 10 December 2020.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 December 2021.

Ombudsman