

## The complaint

Miss W is complaining that Monzo Bank Ltd won't refund a transaction she didn't authorise.

## What happened

- On 8 January 2021, Miss W was contacted by someone claiming to be from Monzo. She's said they told her they would help with a fraudulent payment.
- As part of that, Miss W was told to move money from her saving 'pots' into her main account. And she was told to share a code she received by text to make sure her account was still active. Miss W said that in questioning it, she read out the code.
- Shortly after, a card payment was made from her account for £2,029.33. She disputed this and raised a complaint with Monzo. They refused to refund the payment because she didn't take reasonable measures to keep her account safe.

## 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.

- In line with the Payment Service Regulations 2017 (PSRs), Miss W 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.
- Before continuing, it's worth noting that's different to what Monzo said in its final response to Miss W – that *"under current regulations, banks have to refund fraudulent transactions unless a customer hasn't taken reasonable measures to keep their account safe"*.
- It's not disputed that Miss W didn't authorise this payment. And I don't think she failed with intent to keep her details safe, because she thought this was part of dealing with fraud on her account. So the remaining question is whether Miss W failed with gross negligence.
- The caller claimed to be from Monzo, her bank. And they linked their call to a payment that Miss W didn't recognise from earlier that day – an EE top-up. So I can see how she trusted the call was genuine – I think lots of people would've done.
- Monzo suggest Miss W should've been alarmed that they didn't reveal more information about her. But I can see how their knowledge of the disputed transaction alone was persuasive. Arguably, it's more convincing than something like her date of birth or address, which would be known and could've been found out by more people.

- Monzo also point out that the caller didn't spoof their number – instead it came up as 'no caller ID'. But I understand why that didn't ring alarm bells. Afterall, most people aren't contacted regularly by their bank's fraud team, to be confident how their number appears on their phone.
- For the fraudster to have made this payment, they would've needed her card details. Miss W has consistently said she didn't share these. And I've noted there was an EE top-up payment before the call – the one that Miss W didn't recognise. I think it's likely that was attempted by the fraudsters, who then used their knowledge of it to gain Miss W's trust. That means it's likely they had her details beforehand, in line with what Miss W said.
- Monzo suggest that if that's the case, Miss W must have negligently shared these in a phishing website at some point. It's possible. But we know there are other ways fraudsters access someone's card details that aren't within someone's control – for example from data breaches. In any event, this wouldn't show that Miss W failed with gross negligence to keep her card details safe.
- During the call, Miss W was told to move money from her saving 'pots' with Monzo to her main account and that they'd send her a code to share with them to confirm that her account was active.
- I've reflected on how Miss W trusted she was speaking with her bank. And how most people don't know the ins and outs of a bank's processes to question what they're being told to do. I can also see how following the instruction didn't look inherently risky – after all, she was moving money internally and didn't know they already had her card details.
- Miss W has explained that when she got the text message, she questioned the caller. In response they asked what the message said – and in doing so, she read it aloud and shared the code. So I think Miss W was cleverly engineered and ultimately tricked into sharing it, which I note was the first part of the message.
- Monzo have said she should have taken it in beforehand and seen the warning not to share it. I've considered how she had been convinced she was talking with her bank about protecting her account – so, in the moment, I can understand how she didn't stop and put this all together. I don't think it meant Miss W fell *far below* what a reasonable person would've done that she failed with gross negligence.
- Monzo has highlighted the length of the call as well – it doesn't think someone could be persuaded in this time (10 minutes). But as I've explained, I think it's the work the fraudsters did beforehand and the subsequent knowledge they had of Miss W's disputed transaction that was the persuasive factor. And given that they only needed one code, I don't think the length looks implausible – or means Miss W must have been significantly careless.
- They've also said that Miss W would've shared her account balance with the caller – as what was taken effectively drained her account. They think this should have caused her to question things, as her genuine bank would have known this without asking. But if that's the case, and Miss W believed she was talking to Monzo, then I can also see why she didn't think it was risky to say. Afterall, it's not data that falls under the scope of her personalised security details.

- In reviewing Monzo's response to the investigator's view, I've also noted their point that: *"Sadly, if a customer is negligent in 2 or more ways, this constitutes gross negligence, and means that they aren't eligible to be reimbursed."* Our service has explained to Monzo our approach to gross negligence, relying on case law and the FCA's guidance, and how it's to be decided in *all of the circumstances*. It's not clear to me that Monzo's formulaic approach fits into that, nor have they explained what it's based on.
- Taking this all into account, I don't think Miss W failed with gross negligence. So, I conclude she isn't liable for the transaction and Monzo need to put things right – by refunding her losses. As the money came from her savings 'pots', Monzo should add interest for when she was without this money at her account rate.

### **My final decision**

For the reasons I've explained, my decision is to uphold Miss W's complaint and I order Monzo Bank Ltd to:

- Pay Miss W the total of the unauthorised transaction on her account (£2,029.33), less any funds that may have been recovered.
- Pay account rate interest on this amount, from the date of the unauthorised transaction to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 12 May 2022.

Emma Szkolar  
**Ombudsman**