

The complaint

Mr A complains that Monzo Bank Ltd hasn't reimbursed him for unauthorised payments that were sent from his account.

What happened

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

- In October 2021 Mr A received a call from someone pretending to be Monzo. They said there was a fraud risk to his account as someone was trying to use his card.
- Mr A completed security with the caller and gave the personal and account information they asked for. He understood he'd been able to secure his Monzo account, but the caller explained his account with another bank was also at risk so transferred his call over. That fraudulent caller directed Mr A to move his money out of the other bank account and into his (now secure) Monzo account.
- Mr A saw the funds arrive in his Monzo account and was satisfied it was now safe. However when he later logged on, he saw that his account had been taken overdrawn as two large payments had been sent from his account to another bank.
- Mr A reported the fraud to Monzo and it investigated what had happened. It agreed the payments were unauthorised, but said that Mr A hadn't acted with reasonable care by sharing his personal information, namely his full card details and PIN. So it didn't reimburse him or uphold his complaint.
- Mr A brought his complaint to our service and our investigator upheld it. She didn't agree Mr A's actions met the test for gross negligence, as required by the regulations. Monzo disagreed and asked for an ombudsman to review the complaint.

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:

- It's accepted by both parties the two payments in dispute were unauthorised. In-line with the Payment Services Regulations 2017 (PSRs), Mr A isn't liable for payments he didn't authorise unless he failed with gross negligence, or intent, to comply with the terms of the account or keep his personalised security details safe.
- It hasn't been suggested Mr A failed with intent – and I agree that his actions were that of someone who was intending to *protect* their money (and another account) from fraud.

- I accept that some of Mr A's actions were negligent. And that he did share personalised security information that, in isolation, many may not have. In particular sharing his PIN number, which is more commonly recognised as something a bank wouldn't ask for. However I must look at what happened to Mr A in full and this situation as a whole, not isolated parts.
- Mr A was persuaded he was talking to Monzo due to the security process he was taken through. I accept this is something many people associate with their bank. The call also came from an 0800 number and while Mr A didn't verify this, it wasn't for example from a mobile number. So when answering the call it's reasonable Mr A would've thought a business was calling him – although he didn't know at that moment who – and then accepted it was Monzo due to the caller identifying themselves as such and asking security questions.
- Mr A was then asked about transactions on his account and his account with another bank was discussed. Again this is a practice that banks do use, asking about recent payments as verification. And then discussing another account of Mr A's would've built his trust and confidence. So I'm not satisfied Mr A was grossly negligent in answering the personal security/account questions asked of him and I accept this convinced him it was Monzo calling.
- As Mr A was then satisfied he was speaking to his bank, I can't say it was then unreasonable he complied with its request to provide certain other personal information, including his PIN. I think many other people would – and we know have from the cases we see – followed the caller's instructions and complied with what they asked for. This is especially as its to (in their mind) protect their money from fraudsters.
- This means I also don't consider Mr A forwarding the 'magic link' email sent he sent on gross negligence. Again here, like the telephone number, the email address he sent his link onto could, to the everyday person, seem legitimate – it looked like a Monzo business email. Considering the situation here, I don't think this means Mr A seriously disregarded an obvious risk. He doesn't recall sending the email, but I accept this is possibly due to the stressful situation he was in – which may also mean he didn't note its content or significance. But in any event, I don't think this action was gross negligence in this case.
- Monzo has suggested Mr A could've done online checks while he was on the phone to see what personal details Monzo would ask for when completing security. Or what details it would ask a consumer to generally share. But the test here isn't whether or not Mr A did everything he could to verify the call. It's whether or not he acted in a careless way that goes significantly beyond what a reasonable person would do. Mr A has explained he didn't have any reason to doubt it was Monzo, so I can't see why he then would've done online checks during a stressful call. And his testimony doesn't suggest the caller made errors or acted in a way that should've made him doubt their authenticity. So I don't consider him not doing online checks means he was significantly careless, to meet the required test here.
- Overall, I don't think Mr A's actions fell so far below what a reasonable person would have done that they amount to gross negligence. This means that Mr A isn't liable for the transactions in dispute and Monzo needs to put things right – by refunding the losses from the unauthorised transactions alongside interest to compensate him for the time he has been without those funds.

Putting things right

The actions by the fraudster took Mr A's account into an overdraft, but I can see Monzo has already refunded him the overdrawn amount. So it should refund Mr A the remaining funds he lost due to the unauthorised payments. And pay 8% simple interest per year on this amount from the date of loss to the date of settlement.

My final decision

For the reasons set out above, I uphold Mr A's complaint against Monzo Bank Ltd. I require Monzo Bank Ltd to settle this case in the way I've outlined.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 September 2022.

Amy Osborne
Ombudsman