

The complaint

Miss A complained because Monzo Bank Limited refused to refund her for a transaction which she said she didn't authorise.

What happened

On 21 September 2021, Miss A rang Monzo. She said she'd had a notification on her phone that she'd spent £130.96 at a clothing retailer. Miss A said she immediately checked whether she had her debit card, and she didn't. She rang Monzo to report the transaction as fraudulent.

Monzo asked Miss A some questions, including whether she had her PIN noted or saved anywhere, and whether anyone else knew her PIN. Miss A said no.

Monzo refused Miss A's request for a refund. It said this was based on the fact that as she'd said no-one else knew her PIN, it wasn't possible for the transaction to have been authorised by anyone else. Miss A complained, but Monzo didn't agree.

Miss A wasn't satisfied and complained to this service. She said she'd told Monzo that she'd just lost her job, so the loss of this money was causing her anxiety and stress.

Our investigator didn't uphold Miss A's complaint. She said that if an unknown third party had made the transaction, they'd have had to obtain Miss A's card and find out her PIN, and there was no clear way anyone could have done this. So she thought it was more likely than not that Miss A had authorised the disputed transaction herself.

Miss A didn't agree. She said it was unfair to say she'd authorised a transaction she hadn't. She said she kept her PIN on the Notes app on her phone, so perhaps someone had seen the PIN and used her card that way. She said it was causing her emotional stress, and asked for an ombudsman's 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.

I'm sorry to hear that Miss A lost her job and is under stress. But I take my decision on the basis of the facts of the case, and the Regulations which govern disputed transactions. For Miss A's transaction, these are the Payment Services Regulations 2017. These say that the payment service provider (here, Monzo) must show the transaction was authenticated. That's the technical part, and here, I've seen evidence that Miss A's genuine card with its chip, and the correct PIN, were used. So the disputed payments were authenticated.

The regulations also say that it's necessary to go on to look at whether the card holder authorised the payments. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. The regulations also say that account holders can still be liable for unauthorised payments under certain

circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

So I've looked at the circumstances here. There's no clear way in which Miss A's card and PIN could have been obtained. If her card had been lost or stolen when she'd bought petrol the day before, any fraudster would have had to obtain Miss A's PIN. After the investigator's view, Miss A told us that her PIN was recorded on the Notes app on her phone. But she'd previously told Monzo that she didn't have it recorded anywhere. And she also hasn't told Monzo or us that her phone was lost or stolen. So I can't see that this is a possible way for any third party to have obtained her PIN.

Nor is it likely that a fraudster who might have obtained Miss A's card could have guessed the PIN. There are 10,000 possible combinations of a four digit number. And the computer records show there were no failed attempts to enter the PIN – it was entered correctly first time.

It's also unlikely that anyone who might have obtained Miss A's card at the petrol station the day before, and somehow her correct PIN, would have waited until the next morning before carrying out the transaction. Nor is it likely they'd have stopped after one transaction, when there was still money in Miss A's account. This isn't the normal pattern for what a fraudster would do, as they generally maximise their gains as quickly as possible.

So I think it's unlikely that an unknown fraudster carried out the disputed transaction. I've considered whether someone might have made it with Miss A's consent. But she said she hadn't shared her card or PIN, and anyway if she had done, this would have been against the terms and conditions of the account. So Monzo still wouldn't have had to refund her.

Taking these factors into account, I consider it's more likely than not that Miss A authorised the transaction herself. So I don't require Monzo to refund her.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 30 July 2022.

Belinda Knight
Ombudsman