

The complaint

Miss J complains Monzo Bank Limited have not refunded money that was sent to the wrong account.

What happened

On 8 January 2021 Miss J contacted Monzo explaining a £5,000 transfer to another account had been made on her account. Miss J explained the payment had not been authorised by her and she had no awareness of it. At this point Monzo applied restrictions to the account and blocked Miss J's card whilst it investigated the matter.

Monzo investigated the transfer and explained Miss J had received payments from the receiving payee in the past. Miss J confirmed that she did not know the recipient of the payment and that she was unable to ask for the payment to be returned. Miss J explained that she reported the payment as soon as she was aware of it and confirmed she hadn't disclosed her PIN to anyone. Miss J also explained her son had her phone at the time of the transaction, and he could have made the payment in error. Miss J also explained her phone had been lost two weeks before the transaction.

Monzo carried out an initial review based on Miss J's responses and explained it would not be refunding the disputed amount. It explained that the transfer had been authenticated using Miss J's PIN.

Unhappy with Monzo's response, Miss J raised a formal complaint. During this review, Miss J explained that she had actually sent the payment to the wrong account in error. Miss J went on to say that she was due to pay a friend back who had lent her money. Miss J explained that as her children were climbing over her she entered the incorrect details. Miss J asked Monzo to recover the funds from the receiving bank. Monzo reviewed Miss J's points and explained this would not be possible given the details provided by Miss J. Monzo also explained it would be closing Miss J's account in line with its account terms and conditions.

Miss J raised another complaint at this stage, which was reviewed in full and Monzo its final response on 21 January 2021. In summary, Monzo explained:

- It didn't find the payment to be fraudulent as it was authorised using Miss J's PIN and there isn't any evidence to support Miss J's initial claim that the payment wasn't made by her.
- It wouldn't be able to use the Credit Payment Recovery process as there needs a clear and credible account of how the mistake happened. Miss J has not been consistent with details about what happened so it can not follow this process.
- It explained its decision to close Miss J's account was in line with the account terms and conditions Miss J had agreed to.
- It apologized for the delays Miss J experienced in receiving an initial response and

offered her £50 in recognition of this delay.

Miss J remained unhappy with the response from Monzo and referred her complaint to our service. An investigator reviewed the complaint. In summary they found that Monzo had acted fairly as Miss J has given various accounts of what's happened and there wasn't evidence of a genuine mistake for the CPR process to be successful.

Miss J did not agree with the investigator's review, so the complaint has been passed to me – an ombudsman – for a final 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 aware that I've summarised this complaint briefly. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. This simply reflects the informal nature of our service.

Firstly, I am sorry to see Miss J has had cause for complaint. I don't underestimate the worry and anguish this situation has caused, and also the stress of dealing with the complaint about it.

Although Miss J initially claimed the transaction was fraudulent it seems based on her more recent accounts of what happened that she accepts she was responsible for the payment. Miss J has explained that she made an error and entered the incorrect account details. I won't therefore be considering Monzo's review of the fraudulent claim Miss J initially made. Instead I will focus on whether Monzo has acted fairly in its decision not to pursue the Credit Payment Recovery process.

Under the Payment Services Regulations 2017 a payment service provider should take '*reasonable steps*' to recover funds that have been misapplied to an account. However, this only applies if there is clear evidence of a genuine mistake. I've considered these requirements alongside what Miss J has said about the payment, and I am not persuaded that there is enough to say this was a genuine mistake. I'll explain why.

When Miss J initially reported the transaction to Monzo she said it was fraudulent. Monzo spent the first few days reviewing Miss J's account and transaction based on this information. Miss J also went on to explain her young son had her phone at the time, suggesting he may have made the payment in error. After Monzo explained it wouldn't be refunding the amount to Miss J she explained that the payment had actually been made in error by herself. Miss J explained that a friend had lent her cash to pay for Christmas, and she was repaying this amount. Miss J has provided details of the account the payment was meant to go into and said as her children were climbing on her she entered the wrong details. Miss J's account of what happened regarding the payment has changed considerably throughout her complaint. This prompted Monzo to ask further questions and given the inconsistencies I think this was reasonable.

Miss J has provided the details of the account the payment was meant to be sent to. I've looked at these and they show that the incorrect sort code and account number were entered by Miss J. The recipient's name is also the same as another account that appears on Miss J's statements, albeit it with different account details. Miss J has maintained she does not know who the incorrect payment went to. I can also see that on the same day as the payment was made, Miss J received payment for the same amount into her account.

Miss J says that another friend was given the cash she borrowed, and she was returning it via online transfer. I've thought carefully about Miss J's explanation about the error and the activity on her account. Considering it all, I don't think Miss J's account fully explains the numerous discrepancies that have been highlighted.

Miss J says her children were climbing on her while she was making the payment, and this led to the errors. However, as this was a transfer for a significant amount Monzo has explained Miss J would've had to go through a number of steps in order for the payment to be confirmed. These steps would've included Miss J entering her PIN to confirm the correct details had been entered. So, Miss J would've had a chance to check the details before confirming the transfer, regardless of the distractions around her.

For me to be able to find that Monzo should've pursued the CPR procedure I'd need to be satisfied that there is enough evidence of a clear and genuine mistake on Miss J's part. I've carefully considered the available evidence, and I don't think there is enough evidence of this.

Monzo also took the decision to close Miss J's account following its review of the payment and account. Looking at the terms and conditions of Miss J's account I think Monzo has acted in line with these and provided Miss J with adequate time and information about its decision.

I know this will not be the outcome Miss J was hoping for and she will be disappointed with the decision I've reached. But this final decision ends what our service can do for her. However, she can reject my decision and pursue the matter elsewhere if she wishes to do so.

My final decision

My final decision is that I don't uphold the complaint.

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

Chandni Green
Ombudsman