

## The complaint

Miss T is unhappy that Monzo Bank Ltd won't refund transactions she didn't make.

## What happened

Miss T has explained she was contacted by someone claiming to be from Monzo – they said someone was trying to set up Direct Debits and Apple Pay on her account. She recalled they told her to set up Apple Pay on her own device – to stop someone else being able to do so. So when prompted, she entered her PIN on her Monzo App and received a text to confirm that her card had been set up for Apple Pay.

Around the same time, two payments left Miss T's account totalling £749. Miss T disputed these with Monzo. It declined her claim and subsequent complaint – it said she didn't take enough steps to keep her phone, card and PIN 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.

Having done so, I've reached the same outcome as our investigator for these reasons:

- Monzo accepted these are unauthorised transactions. However, in line with the Payment Services Regulations 2017, it refused to refund them because it asserts Miss T failed with gross negligence to comply with the terms of the account and keep her personalised security details safe.
- Having considered the circumstances carefully, I'm not persuaded Miss T failed with gross negligence. I'll explain why.
- While the call came from 'No Caller ID', Miss T said they knew her name, postcode where her account was registered to (which was different to where she lived) and her card details. Given the multiple pieces of sensitive information, I can see why she believed they were genuinely from her bank – I think lots of people would've done. I'm also mindful that most people don't hear from their bank's genuine fraud team regularly to know and question how the number would appear on their phone.
- Miss T explained she was told that someone else was setting up Direct Debits as well as Apple Pay. Monzo submitted this should've raised suspicions, as the Direct Debits weren't showing on her Monzo app. But it's not clear the caller said they'd actually been set up or if someone was trying to. And either way, I can see how Miss T might not have known where to look for this information or whether they'd have appeared straightway. So I don't think the lack of corroboration in the app meant that Miss T was *significantly* careless, to say that she failed with *gross* negligence.
- Miss T recalled how she was then asked to set up Apple Pay on her phone – to do

this, she needed to enter her PIN on her Monzo app following its prompt. Monzo said she didn't question this. But Miss T has consistently explained she was told that setting up Apple Pay on her device would block attempts to set it up on someone else's device. I can see how this seemed plausible – particularly in the moment when Miss T was concerned about the security of her account and when she trusted she was talking with her bank.

- In saying this, I've noted how Miss T was asked to enter her PIN in the app – I can see how this would've provided some reassurance that she was dealing with her familiar app and that she wasn't being asked to divulge her PIN with the caller. I've also not seen evidence to suggest that the process made it clear to Miss T what device she was adding Apple Pay to. It follows that I don't think Miss T *seriously* disregarded an *obvious* risk here.
- I've also considered Monzo's point that six minutes (which seems to be from when the call started to when Apple Pay was set up) wasn't long enough to build trust. I think that's a too simplistic approach. Gross negligence requires a consideration of *all the circumstances*. Here, Miss T was predominately persuaded because the caller had done the work beforehand – in finding out her sensitive information. And Miss T's only actions here were the steps in her Monzo app. In this light, I don't think the length of the call looks alarming.
- Taking this all into account, I don't think Miss T's actions fell *so far below* what a reasonable person would've done that she failed with gross negligence. So I conclude that she isn't liable for the transactions and Monzo needs to put things right – by refunding her losses from these unauthorised transactions alongside interest to compensate her for the time she's been out of pocket.
- Monzo ought to have refunded this much sooner and that's caused Miss T to worry and pursue this for a long time. So I also award £50 to reflect her non-financial losses.

### **My final decision**

For the reasons I've explained, I uphold Miss T's complaint. Monzo Bank Ltd must:

- Pay Miss T the total of the unauthorised transactions (£749).
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transactions to the date of settlement (less any tax lawfully deductible).
- Pay £50 for Miss T's distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 6 December 2022.

Emma Szkolar  
**Ombudsman**