

The complaint

Mr B complains that Monzo Bank Ltd won't refund four disputed transactions from his account.

What happened

Mr B says that four transactions were made with a third-party company using his account details. The transactions are well known to both parties, so I won't list them here.

Mr B reported the transactions to Monzo on 17 June 2021. Monzo blocked Mr B's card to prevent any further transactions and advised Mr B it would look into them. Following its investigation Monzo informed Mr B that it would not be refunding the transactions for the following reasons:

- Mr B had told them he had shared his card details with a friend by entering them onto his friends' phone to pay for a taxi.
- Monzo explained that as Mr B had shared his card details, so these were not fraudulent transactions and Mr B had authorised them.
- Mr B should pursue this as a civil matter between himself and his friend.

Mr B referred his complaint to our service. Our adjudicator reviewed Mr B's complaint and explained to Monzo that Mr B had not authorised the transactions in question and recommended Monzo refund the disputed transactions made. In particular the adjudicator explained:

- Mr B had used his friend's device to enter his card details, he hadn't shared his details directly with his friend.
- There is no evidence to show Mr B authorised the subsequent transactions.
- As the transactions in question involved credit, Mr B can't be held liable for any unauthorised transaction on the account.

Monzo didn't agree with the adjudicator's findings, it explained:

- Mr B may not have intentionally shared his details with his friend, but by entering onto his friends app and device he has given the fast-food company a continuous payment authority to bill his Monzo account.
- Mr B consented to his card details being added to the third-party company's online account which was not his own, and he would've been aware his details would be stored.
- The account had been used to make other transactions on different dates and this did not support Mr B's account of events.
- Monzo also clarified the transactions did not involve any credit.

The adjudicator wasn't persuaded to change their opinion on Mr B's case. So, the case has been referred to me – an ombudsman - for a decision.

I looked at Mr B's case and issued by provisional decision on 5 July 2022. I explained I wasn't intending to uphold the complaint and the reasons why. Mr B didn't accept my provisional decision. Mr B said that he entered his details onto his friends' phone himself. Mr B says he is unaware of how the third-party company's online system works. Mr B explained this matter has had a negative impact on his mental health.

Monzo replied to the provisional decision, explaining it had nothing further to add and it agreed with my review.

As both sides have responded to my provisional decision, I will now issue my final decision on 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.

I've also considered the further points raised by both Mr B – having done so I'm not upholding this complaint and I'll explain why.

Mr B says he was unaware his details would be saved on his friend's phone as he does not know how the online system works for the third-party company he was using. Monzo has provided a copy of Mr B's statements for his account. Looking at these statements I can see there are a number of transactions using this third party company in the months leading up to the disputed transactions. I think this shows Mr B was familiar with the online system he was using and how it would store his details.

I am sorry to learn of the impact this complaint has had on Mr B – in particular on his mental health. I hope this decision, alongside my provisional decision which I have included below, will go some way in helping him understand why we are unable to ask Monzo to refund the transactions and will help him bring this matter to a close.

Provisional decision

'What I've provisionally 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, my review of the evidence has led me to a different overall conclusion. I appreciate this will come as a disappointment to Mr B, but I hope my reasoning below highlights why I am unable to uphold his complaint.

The relevant law here is the Payment Services Regulations 2017, and broadly speaking Mr B is responsible for any payments that he has authorised (either by making them himself or allowing someone else to) and he isn't responsible for unauthorised payments. So, I think the fundamental question here is whether Monzo has acted fairly in concluding Mr B did authorise the disputed transactions.

From what I've seen, I am persuaded Mr B has authorised these transactions. When Mr B reported the disputed transactions to Monzo he explained he had entered his card details onto his friend's phone to pay for a taxi. As Mr B's card details were stored in his friends app, Mr B says his friend was able to use his card details to make additional purchases. I think Mr B's decision to enter his card details onto his friend's device provided his friend with the necessary authority to carry out further transactions using this payment method.

I think it's also worth highlighting that Mr B initially told our service he wasn't sure who carried out the transactions and that they were fraudulent. However, he later changed this and in line with the records from Monzo, Mr B explained he had entered his card details onto a friend's device. Mr B hasn't explained why he used his friend's device to place an order. Monzo's internal notes seem to suggest Mr B may have lost his phone a few days before these transactions took place. In any event Mr B would've been able to log in to his own third-party company online account on his friend's device to place an order. This would've helped safeguard his card details.

Mr B by his own admission states he should've cleared his details from his friend's phone, which highlights he was aware his card details would've been stored and accessible to his friend. In my view, Mr B provided his friend with authority by entering his card details onto his device. As highlighted by Mr B, it was for him to then take action to break the authority he had provided, by deleting his details. As Mr B did not take this action, I think it's fair to say Mr B has given authority for these transactions.

I also have to add weight to Monzo's argument that the same third-party company account was used to carry out transactions on Mr B's card at other times – most notably on 16 April 2021 and 15 May 2021. These transactions were carried out some time before the four transactions which are disputed, and I can't see any evidence to suggest they were queried by Mr B at the time.

Taking everything into account, I find, on balance, that Mr B authorised the disputed withdrawals. It follows that Monzo is entitled to hold him liable for them.'

My final decision

My final decision is that I don't uphold Mr B's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 August 2022.

Chandni Green
Ombudsman