

The complaint

Mr H complains that Monzo Bank Ltd has refused to refund payments he says he didn't authorise.

What happened

Mr H says he was with some friends, and showed one of them how he used his Monzo account to top up his online gambling account with money from his current account held at another bank, which I'll call B. Mr H says that later that day he realised his phone was missing and that the other friends he was with had taken it as a 'joke', he did then get his phone back later that day. Mr H says he then discovered that a series of payments had been made from his current account with B to his online gambling account to facilitate some bets, and this was done via Mr H's Monzo account. Mr H says his friends admitted to doing the transfers, so he contacted Monzo to say that he hadn't authorised them and to ask that they be refunded to him.

Monzo declined his claim, it said that all the payments had been authorised correctly, they were to Mr H's own gambling account, followed Mr H's usual pattern of spending – so had not triggered any fraud checks – and that Mr H had admitted to showing his friends how to make the payments. So it considered that the disputed payments were not fraud and said it would not be refunding them to Mr H. Monzo did though agree that some of the service it provided when dealing with Mr H's concerns could have been better, so it paid him £40 to recognise that.

Mr R disagreed, and so he referred his complaint to us. One of our investigators looked at what had happened and felt that it was more likely than not that the payments had been made by Mr H or with his knowledge.

Mr H remained unhappy, so as no agreement could be reached, the complaint has been passed to me for review.

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.

The relevant law here is the Payment Services Regulations 2017, and broadly speaking Mr H 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.

The terms and conditions of Mr H's account with Monzo explain that it will usually refund money if someone makes a payment without the account holder's permission, unless:

“you purposefully didn't keep your phone, card (including virtual card), PIN or other security details safe, you were very negligent in not keeping them safe, you gave them to someone else, or your account is overdrawn”

The key question here is whether Monzo has acted fairly in concluding that Mr H should be held liable for the payments.

There is no dispute here that the payments were authorised using Mr H's Monzo app on his phone. But the regulations relevant to this case say that is not, on its own, enough to enable Monzo to hold Mr H liable. So I also need to think about whether the evidence suggests that it's more likely than not that Mr H consented to or allowed the payments to be made.

Given what Mr H has told us, and the evidence I've seen, there are two possible scenarios for what happened here. Either Mr H made the payments himself, or he gave his friends all the information they needed in order for them to make the payments and they then made the payments either with or without his knowledge.

But in both these scenarios I think it is reasonable for Monzo to hold Mr H liable for the payments that were made. Obviously if the payments were made either by Mr H himself or by his friends with his knowledge then it would be reasonable for him to be held liable. But even if Mr H's friends made the payments without his knowledge, it seems clear that they were only able to because he provided them with all the necessary information to allow them to do so. And I think that would clearly fall under the definition of not keeping his details safe, being negligent in keeping them safe, or giving them to someone else – as set out in the terms of his Monzo account.

I appreciate that Mr H says if Monzo had done further checks to ensure the payments were genuine then they would have been stopped much earlier and he would have lost less money. But given that the payments were not at all unusual spending in the wider context of Mr H's account – he regularly made transfers into his account from his current account with B and then immediately transferred those funds to one of his gambling accounts – and that they were not for particularly large or unusual amounts, I don't think there was anything that would have triggered Monzo to take additional steps to ensure the payments were genuine.

So taking everything into account, I think that Monzo was reasonable to conclude that Mr H authorised these payments and either made them himself or allowed them be made. As a result, I find that Monzo is entitled to hold him liable for them and I won't be asking it to refund anything to him.

My final decision

I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 October 2022.

Sophie Mitchell
Ombudsman