

The complaint

Mrs W complains that Monzo Bank Ltd won't refund transactions she says she didn't authorise.

What happened

Mrs W said on 5 October 2020, she received a call from someone claiming to be from Monzo where she was told there was suspicious activity on her account. She said she looked and saw transactions involving Argos and her Lloyds' account. She said the caller already knew her personal details and PIN, and they asked her to verify her details.

The next day, Mrs W realised several payments had debited her account and that her email account and her Lloyds' account had been compromised.

She reported this to Monzo, who declined to refund the transactions. That's because it couldn't see how the payments had been authorised by anyone other than Mrs W.

Our investigator didn't uphold the complaint, agreeing with Monzo that these payments were authorised. Mrs W disagreed. In summary she said:

- She didn't authorise the payments, add Apple Pay to any device or share any personal information.
- Two people were arrested in connection with the fraud, so she can't understand how this doesn't help her case.
- Monzo ought to have intervened as the activity was highly unusual for her account.

The complaint has been passed to me to reach a final decision. For ease, I've included a timeline showing the key events over the period in question. Some of the precise times aren't known, but I've generally reflected the order they appear on Mrs W's statements.

Date	Time	Event
05 October 2020	08:26	A device, that's been used since July with Mrs W's Monzo account, accesses her Monzo account for the first time that day.
05 October 2020	Unknown	£1400 is withdrawn from Mrs W's Savings Pot to her main Monzo account.
05 October 2020	Unknown	£1400 is transferred to Mrs W's Lloyds' account.
05 October 2020	Unknown	£969 is transferred from Mrs W's Lloyds' account to her Monzo account.
05 October 2020	08:59	£969 Mastercard payment at Argos Milton Keynes.
05 October 2020	Unknown	£479 is transferred from Mrs W's Lloyds' account to her Monzo account.
05 October 2020	09:06	£479 Mastercard payment at Argos Milton Keynes.
05 October 2020	Unknown	£379 is transferred from Mrs W's Lloyds' account to her Monzo account.
05 October 2020	09:22	£379.99 Mastercard payment at Argos Milton Keynes. This

		is noted as pending.
05 October 2020	Unknown	£379.99 is credited from Argos Milton Keynes. This is noted as pending.
05 October 2020	14:40	£429 Mastercard payment at Argos London.
05 October 2020	16:25	A new device accesses Mrs W's Monzo account for the first time.
06 October 2020	Unknown	£5010.75 is withdrawn from Mrs W's Savings Pot to her main Monzo account.
06 October 2020	12:30	The newly registered device is seen for the last time that day. I understand this device attempted to make a faster payment.
06 October 2020	12:32	The device, used since July with Mrs W's Monzo account, accesses her Monzo account again.
06 October 2020	12:37	£4480.00 faster payment to NT Traders Ltd.
06 October 2020	12:56	£314.99 Mastercard payment to www.tempcover.com.
06 October 2020	12:59	£68.26 Mastercard payment to Dayinsure.
06 October 2020	13:03	£132.00 Mastercard payment to DVLA.
06 October 2020	Unknown	£83 peer to peer transfer received from 'Ms W'.
06 October 2020	13:19	£82.50 Mastercard payment to Transport for London.
06 October 2020	Unknown	£30 peer to peer transfer received from 'Mr W'.
06 October 2020	17:05	£14.95 Mastercard payment to Deliveroo.

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 agree with the conclusions reached by the investigator for these reasons.

- The starting position under the Payment Services Regulations 2017 (PSRs) is that Mrs W is liable for payments she authorised.
- The PSRs explain that authorisation depends on whether the payment transactions were authenticated correctly and whether she consented to them.
- It's not disputed here that Mrs W's card and security details were used to make the card transactions and that her banking credentials were used to make the faster payment. So I'm satisfied the transactions were authenticated.
- So I've gone on to consider whether Mrs W gave her consent. The PSRs state how consent is given – it must be in the form, and in accordance with the procedure agreed between Mrs W and Monzo. In other words, consent happens when Mrs W uses the steps agreed for making a transaction. It's also possible for someone else to act on Mrs W's behalf and use these agreed steps.
- It's not clear that Mrs W herself used the agreed steps for all the transactions – for example, she's pointed out that she was at work when some of the transactions took place in a different location. So I have instead considered whether she did something that meant someone else could make payments on her behalf.
- To answer this, I have noted that:
 - A device, that Mrs W used since July 2020 and was in Mrs W's possession, was active on Monzo's app at the time the disputed transactions were made.

Indeed, it was this device that approved some of the card transactions and made the faster payment. It was also this device that made a withdrawal from Mrs W's Savings Pot that ultimately facilitated some of the payments from the account.

- Some of the payments were facilitated by incoming payments from Mrs W's Lloyds' account. It's not clear how someone else was able to access this account.
 - Some of the payments were facilitated by incoming peer to peer payments from individuals that Mrs W had transacted with before.
 - Mrs W said that she'd received a call from someone pretending to be Monzo, who talked her through verifying her details. But she's said that at this point, the payments to Argos and those involving her Lloyds' account had already happened. So this doesn't explain how someone else was able to get the details needed for these transactions and the involvement of Mrs W's device.
 - I've noted that arrests were made in connection with the faster payment to buy a car and I've reviewed the police report. But this notes that the suspect called Mrs W in the days before and at the time of the faster payment. Mrs W has only told our service about one call with someone pretending to be Monzo on 5 October. She's not told us about further calls or explained how she could've been tricked into using her device to make payments.
- I can't say for certain what happened. But disputes like this one are only ever decided on the balance of probabilities. In other words, what's *more likely than not* to have happened.
 - Here, given what I've noted, I don't think these transactions could've made without Mrs W's knowledge or involvement. To summarise, that's in light of her device's involvement, how the payments were facilitated, the suggested calls between her and the accused, and that I've not been persuaded how Mrs W could've inadvertently shared her details and taken steps to make payments.
 - So, even if she didn't take all the agreed steps to make the payments herself, I think it's more likely than not that she did something that allowed these payments to be made and understood that payments were being made.
 - I recognise that Mrs W may not have benefited from what was purchased, but that's not a consideration in whether the payments were authorised. And for the reasons I've explained, I'm satisfied that Monzo acted fairly in treating them as authorised payments.
 - That means the starting position is that Mrs W is liable for the payments. I have also considered Monzo's responsibility to protect Mrs W from financial harm – and so to intervene with any unusual or suspicious activity.
 - Here, it's arguable that Monzo ought to have been concerned when a new device was registered to Mrs W's account and a payment was attempted. But even if Monzo had intervened, I'm not persuaded this would've stopped the payments. That's because I'm not persuaded the payments could've happened without Mrs W's knowledge and involvement with the payments. So had she been questioned, I'm not convinced that it would've revealed that these transactions weren't genuine.

- I recognise that Mrs W feels very strongly about this. But, having considered this carefully, I don't think Monzo can be held fairly asked to refund these disputed transactions.
- Following our involvement, Monzo made an offer to pay £75 compensation for closing Mrs W's account immediately without notice. Given that Monzo were entitled to make that decision, and that I can't see the lack of notice had a significant impact on Mrs W, I consider the offer fair.

My final decision

For the reasons I've explained, I think the offer to settle the complaint is fair. Monzo Bank Ltd must pay Mrs W £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 12 September 2022.

Emma Szkolar
Ombudsman