

The complaint

Mr W complains that Monzo Bank Ltd (“Monzo”) didn’t do enough to help him when he fell victim to a scam.

What happened

In July 2021, Mr W contacted Monzo and said that he’d been scammed. He reported several debit card payments were fraudulent.

When asked about what had happened, Mr W said that he had been experiencing issues with an online game and had requested help from the game’s ‘admin’. He gave permission to the individual to remotely access his laptop to fix the issue. But they accessed his account with a global online payments system and made several payments to two ‘gaming’ accounts, also held with the same online payment system. The payments were made using Mr W’s Monzo card details which were already stored on his online payment system account.

Mr W told Monzo that one of the gaming retailers had already returned the funds when reported the matter. He asked for Monzo’s assistance in recovering his remaining loss of £379. It declined to refund the payments and said that Mr W hadn’t taken reasonable measures to keep his details safe. But it recognised that there were some service issues and paid £25 compensation.

Unhappy with this response, Mr W referred his complaint to our service and it was escalated for an ombudsman’s decision. I issued my provisional decision earlier this month and explained why I didn’t intend to uphold this complaint.

I invited further comments from both parties in response to my provisional decision. Neither party has provided anything further for me to consider. So, what follows is my provisional decision made final.

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 sorry to hear about what happened to Mr W. My role is to consider Monzo’s actions in connection with these payments, and I can only make an award or direction if I find that it acted unfairly. Whether a payment has been authorised or not is important because account holders will usually be liable for payments they’ve authorised, and generally banks will be liable for unauthorised payments.

I find that the details of how the scam unfolded are still unclear. Mr W says that as far as he’s aware, the transactions happened because his account with the online payment system was compromised. But I’m also faced with conflicting version of events from him. On the one hand, Mr W’s said that the disputed payments were unrecognised and unauthorised. But on the other, he’s also said, “... *they asked me to move money onto my card to make payments which I’d get back and get bonuses for helping out...*”

In cases when it's not clear what happened, I base my decision on the balance of probabilities. In other words, what I find most probable to have happened considering the evidence and wider circumstances of the case.

From what I've seen, I think it's more likely than not that Mr W authorised the transactions. I say this because:

- He acknowledged at one point that he was aware of the payments and referred to the scammer as 'very convincing' regarding the payments.
- Funds were transferred from Mr W's *savings pot* to his main account before each disputed transaction was made via his card. Given Mr W says his Monzo account wasn't compromised, it seems to me that only he could have made these internal transfers. And, given the sequence of the transactions, it seems more likely than not that Mr W was transferring funds between his pot and his main account for a specific purpose.

Given I'm persuaded that these payments were authorised, the starting position is that Mr W is liable for them, and Monzo shouldn't refund them.

That said, Monzo also has a duty to protect its customers from financial harm and be on the lookout for unusual or suspicious transactions. So, I've gone on to consider whether Monzo ought to have spotted that Mr W was at risk of financial harm from fraud.

I don't think there was a reason for Monzo to have challenged any of the disputed payments. Thinking about the amounts involved and the gaps between each disputed payment, there isn't anything particularly unusual or suspicious based on Mr W's spending activity such that Monzo's systems ought to have been triggered. A bank must balance the extent to which it intervenes in payments to try and prevent fraud against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

I've also thought about whether Monzo could have done more to help Mr W once it was notified of the scam. As the payments were made using a debit card, the only avenue for recovery would have been a chargeback which is a voluntary scheme run by card issuers.

Under the chargeback scheme rules, there are only a limited number of reasons which give grounds for a valid chargeback. Depending on the reason code, Mr W would have been required to provide specific evidence to support his claim. Also, Monzo wasn't obligated to raise or pursue a chargeback if it didn't think that there was a reasonable chance of success.

When he first reported the matter to Monzo, Mr W raised a dispute based on 'goods or services not received'. Given that he provided conflicting information about what went wrong and was vague about what how the scam unfolded, I can understand why Monzo didn't pursue the chargeback route. I'm also mindful that the payments went to another user of the online payments system. In my view, it's highly likely that the scammer made these payments using its 'Friends and Family' option to avoid the risk of a chargeback which would have been deemed invalid in that situation.

Considering everything, I don't think Monzo acted unfairly or unreasonably by not attempting a chargeback. I can see that it's recognised there were some failings and has already paid Mr W £25 compensation. I consider this amount to be fair in the circumstances.

In summary, I know that Mr W will be disappointed with this outcome. Not least because the matter has been ongoing for some time. But for the reasons stated above, I don't consider it would be fair or reasonable to hold Monzo liable for his loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 September 2022.

Gagandeep Singh
Ombudsman