

The complaint

Ms G is unhappy that Monzo Bank Ltd won't refund payments she didn't make.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

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 outcome reached by our investigator for these reasons:

- Monzo accepted these are unauthorised transactions. However, in line with the Payment Services Regulations 2017 (PSRs), it refused to refund them because it asserted Ms G 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 Ms G failed with *gross* negligence. Or, in other words, that she acted with a *very significant* degree of carelessness; *seriously* disregarded an *obvious* risk; or fell *so far below* what a reasonable person would've done. I'll explain why.
- While the call came from a private number, Ms G recalled that they provided personal information about her and took her through what seemed to be routine security questions. They explained how she'd fallen victim to a phishing text scam (which Ms G had genuinely responded to) – and listed transactions and asked what ones she recognised. They also gave her information about how to be wary of future scams.
- Given the personal information they knew and the familiar environment they created, I can see why she believed they were genuinely from her bank – I think lots of people would've done.
- Over the course of the call, Ms G shared her PIN – they told her it had been fraudulently changed by the scammer and she'd need to provide it to verify who she was and to change it back.
- Monzo said she should've known not to share this with someone over the phone – it's pointed to literature and adverts about this. But I've considered that Ms G didn't believe she was just speaking with 'someone' – she trusted she was talking with her bank who'd created a plausible reason to share the information. And she was acting in the heat of the moment with the fear that she'd been scammed. In this context, I can see why she followed their instructions believing she was protecting her account. I don't think she showed a *very significant* degree of carelessness.

- Ms G also forwarded a link she received by email – this, along with the PIN, allowed someone to log into her account on a different device. She's explained that she did this because she was told they'd need to access her account to change her PIN back.
- Monzo submitted that she ought to have been put off by the warning not to forward the email (even to them) – and I've noted it was forwarded to a Gmail address, albeit with a Monzo related username. I've considered Ms G's explanation – she said the caller was impatient, so she didn't fully process the warning at the time. And that she was trying to be as helpful and accommodating as possible, thinking it was to fix the issues caused by the previous scam. She also felt she didn't have a reason to disbelieve them at the time, given everything they knew about her.
- I've also considered how the timing of the email would've seemed reassuring – after all, she was told to expect an email by who she thought was Monzo and she subsequently received an email from Monzo.
- Taking this all into account – the pressure she was placed under and her belief she was talking with her trusted bank to protect her account – I'm not persuaded that Ms G *seriously* disregarded an *obvious* risk by forwarding the link.
- It follows that I don't think she failed with gross negligence to keep her personalised security details safe or to comply with the terms of her account. 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.
- In line with the PSRs, Monzo ought to have refunded this much sooner and that's caused Ms G to worry about her finances and at times, not meet her basic needs. I've also noted she shared a health disorder that made the process difficult for her – but Monzo didn't meaningfully respond to this. So, in line with the investigator's recommendation, I also award a total of £250 to reflect her non-financial losses (this includes the £160 Monzo has already awarded).
- I also share the investigator's concerns that Monzo ought to have been worried about the activity on Ms G's account – a new device was added, a new payment method set up and 12 payments were made (many for the same amount) in the space of around 30 minutes. But given my conclusion under the PSRs, I've not explored this further.

My final decision

For the reasons I've explained, I uphold Ms G's complaint. Monzo Bank Ltd must:

- Pay Ms G the total of the unauthorised transactions (which I understand to be £5,381.70), less any amount recovered or refunded.
- 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 a total of £250 for Ms G's distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or

reject my decision before 23 February 2023.

Emma Szkolar
Ombudsman