

## The complaint

Miss I is unhappy that Monzo Bank Ltd won't refund a transaction she didn't make.

## What happened

- On 21 January 2022, Miss I was contacted by someone pretending to be from Lloyds' fraud team. They said her account was being compromised. When Miss I said there wasn't money in this account, they told her they'd secure her Monzo account too and Miss I followed their instructions to do this.
- On the same day, a £250 card payment was made using Apple Pay. Miss I contacted Monzo to report the transaction as she didn't recognise it. Monzo declined to refund it saying that she didn't take enough steps to keep her account safe. Unhappy with its response, Miss I brought her complaint to our service.

## 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.

- Monzo accepted this was an unauthorised transaction. However, in line with the Payment Services Regulations 2017, it refused to refund it because it asserts Miss I failed with gross negligence to comply with the terms of the account and keep her personalised security details safe.
- I'm not persuaded that's the right consideration. This was a card payment made online – so it's a distance contract. It was seemingly to buy a retail voucher, so I don't think it's an excepted contract. So, in line section 77(4)(d) of the PSRs, Miss I isn't liable for the unauthorised transaction regardless of whether she failed with gross negligence.
- But even if I'm wrong about that, I don't think Miss I failed with gross negligence. I can see why Miss I trusted the caller given the personal information they knew about her. The context of the call – that someone was compromising her account and they needed to secure it - also made sense, given that Miss I was almost tricked into making a payment a short time before.
- Monzo point out that Miss I ought to have questioned how Lloyds and Monzo are linked. But I don't think she was *significantly* careless for not doing so – there are many banks that are legitimately connected after all. And I'm mindful that it's easy to be critical about what someone should've done with the benefit of hindsight. But Miss I was acting in the moment, when she trusted the caller and was concerned something was wrong.
- Miss I was asked to forward an email that ultimately gave access to her account – it seems they also asked for a PIN and a verification code. She's explained she thought this was needed to secure the account. While we know that's not true, I'm

mindful that most people aren't experts in fraud. So it can be difficult to question what would and wouldn't be needed in these situations. And this took place over the course of a relatively long call, where the caller gained Miss I's trust and primed her to expect what she was asked to share. Taking this all into account, I don't think she fell *so far below* what a reasonable would've done.

- In saying that, I've considered Monzo's point that there's a warning in the email not to share it. But as I mentioned, Miss I was told to expect the email and thought she was dealing with a trusted professional. So I can see how she might have missed it or thought it wasn't relevant in the moment – instead believing she was doing the right thing to protect her account.
- Taking this all into account, I don't think Miss I failed with gross negligence. So, I conclude she isn't liable for the transaction and Monzo needs to put things right – by refunding her losses from this unauthorised transaction alongside interest to compensate her for the time she's been out of pocket.
- Monzo ought to have refunded this much sooner, but I note it's already awarded £55 compensation for delays and communication issues. Given the value in dispute, I don't propose a further award for Miss I's non-financial losses.

### **My final decision**

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

- Pay Miss I the total of the unauthorised transaction, less any amount recovered or refunded – I understand this to be £250.
- 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).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 13 January 2023.

Emma Szkolar  
**Ombudsman**