

## The complaint

Mr L is unhappy Monzo Bank Ltd won't refund transactions he didn't make.

## What happened

- Mr L received a message from his mum asking him to follow a link – she thought this would allow him to receive a payment for something she was selling on Gumtree.
- Mr L did this and entered in his debit card details as well as his balance as instructed. Shortly afterwards, he received a notification on his Monzo app. Mr L accepted this and entered his PIN, thinking it was part of a receiving the payment.
- Moments later, two international card payments using Google pay left Mr L's account, totalling £2,810.80. Mr L raised these with Monzo, who declined to refund them because it said Mr L didn't take enough steps to keep his account safe. It maintained this position when Mr L complained however it did pay £75 compensation for the delays in the investigation and its confusing communication.

## 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 were unauthorised transactions. However, in line with the Payment Services Regulations 2017, it refused to refund them because it asserts Mr L failed with gross negligence to comply with the terms of the account and keep his personalised security details safe.
- Having considered the circumstances carefully, I'm not persuaded Mr L failed with gross negligence. I'll explain why.
- With the benefit of hindsight, Mr L could've asked more questions about the link he received and how it came about. But I've also considered this was a genuine message from his mum asking him for a favour. In these circumstances, I can see why he trusted her and didn't probe her on it. I think lots of people would've done in Mr L's shoes.
- The link asked for Mr L's card details as well as his balance. Monzo says the balance question should've raised alarm bells, as it wouldn't be needed to receive a payment. But I don't think Mr L was *significantly* careless because this didn't stop him in his tracks. Afterall, his balance isn't his security credentials – and in the heat of the moment, thinking he was simply receiving a payment, I can understand how Mr L didn't recognise the real purpose of this question.

- Moments later, Mr L received a notification on his phone. This took him to a screen which said '*Finish adding your card to Google Pay*'. Mr L would've needed to press '*Add Card*' at the bottom – this took him to another screen to enter his PIN.
- From Mr L's consistent testimony, I'm persuaded he didn't take in the information on the first screen – he instead thought he was entering his PIN to receive the payment. I'm mindful that people are regularly asked to interact with their apps for transactions – so I can see how Mr L was acting on 'auto-pilot' here and thought this was part of the process to receive money. I've also noted the very few steps in this process, as well as the lack of warnings for Mr L to interact with. So this would've all happened very quickly. Taking this all into account, I don't think he *seriously* disregarded an *obvious risk* by completing these steps – to say that he failed with *gross negligence*.
- I've noted Monzo's comments to Mr L that if he'd been negligent twice, he failed with gross negligence. As I've said to Monzo before, it's not clear what this is based on. Gross negligence requires a consideration of *all the circumstances*. And having done that, I don't think Monzo have shown Mr L failed with gross negligence.
- So I conclude that he isn't liable for the transactions and Monzo needs to put things right – by refunding his losses from these unauthorised transactions alongside interest to compensate him for the time he's been out of pocket.
- I've also considered Mr L's non-financial losses. I understand that Monzo has already paid him £75 for delays in its investigation and confusion in its communication. Our investigator recommended a further £100.
- Overall, I think that's a fair reflection of Mr L's stress and upset caused by Monzo's handling of the situation and lack of an earlier refund. In saying that, I've considered the sick notes Mr L provided, but these aren't clear it was mainly this situation that led to him being off, as opposed to other factors. I accept this must have added to his worries and stress, but I think £175 total compensation reasonably reflects that.

### **My final decision**

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

- Pay Mr L the total of the unauthorised transactions, less any amount recovered or already refunded – I understand this to be £2,810.80.
- 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 further £100 for Mr L's distress and inconvenience. I understand £75 has already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 January 2023.

Emma Szkolar  
**Ombudsman**