

The complaint

Mr W complains that Monzo Bank Ltd (“Monzo”) won’t reimburse payments sent from his account which he didn’t make or otherwise authorise.

What happened

The full details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll recap the key points and focus on giving my reasons for my decision.

- On 20 January 2022, Mr W contacted Monzo through its in-app chat about an ‘active card check’ transaction on his account which he didn’t recognise. Although no money was taken, the agent thought it was possible that his card details had been compromised. They blocked Mr W’s card and explained how he could order a replacement. Included in the agent’s response was a warning that Mr W could be targeted by fraudsters asking him to move money under the guise of keeping it safe.
- On 21 January 2022, Mr W received a call from an unknown number from someone purporting to be from Monzo’s fraud investigations team. They said they’d called in relation to suspicious activity on his account and asked if he’d received any strange calls or emails. Mr W said he hadn’t. The caller then told him that his replacement card was on its way, and he’d receive another call to set up new security measures for his account and new card.
- On 22 January 2022, Mr W’s new card arrived. He also received another call from an unknown number from someone purporting to be from Monzo’s fraud investigations team. The caller said the security measures on Mr W’s app needed updating they tried setting up Apple Pay. When that didn’t work, they set up Google Pay and Mr W received a notification about that. Mr W says he believed at the time that Google Pay was being set up on *his* device.
- The caller then told Mr W his ‘savings pots’ had been compromised. Panicked, he followed the caller’s instructions in moving the funds to his main account and uninstalling the Monzo app to allow them to ‘upload’ new security measures. Mr W states the caller then said they’d place him on hold while they worked on his account. It was then that he felt something wasn’t right. He hung up after the caller didn’t come off hold. When he re-installed the Monzo app, Mr W realised that money had been stolen from his account – six transactions totalling £7,206 were made in a retail store using Google Pay.
- Mr W reported the matter to Monzo immediately. It declined to provide a refund and said he didn’t take enough steps to keep his security details safe. Our investigator didn’t agree with Monzo’s findings and asked it to refund Mr W in full along with interest. Mr W accepted the investigator’s assessment, but Monzo didn’t.

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 uphold this complaint for the following reasons:

- In line with the Payment Services Regulations 2017 (PSRs), Mr W isn't liable for payments he didn't authorise, unless he failed with intent or gross negligence to comply with the terms of the account or keep his personalised security details safe.
- It is important to note that what Monzo has said in its final response to Mr W – that *“under current regulations, banks have to refund fraudulent transactions unless a customer hasn't taken reasonable measures to keep their account safe”* – is different to what the PSRs state.
- It's accepted by the parties that the disputed payments weren't authorised by Mr W. It hasn't been suggested that Mr W failed with intent, and I agree as I don't think he failed with intent to keep his security details safe. His actions were that of someone who was intending to *protect* their money from being stolen.
- Mr W could still be held liable for payments he didn't authorise if he failed with gross negligence to keep his security details safe. Monzo states that it gave Mr W a very specific warning in that he could be targeted by fraudsters pretending to be from his bank, as well as what to watch out for and the actions to take if something like that did happen. It argues that his response confirmed that he'd read and understood the message containing the warning. And so, by ignoring it and following the caller's instructions, Mr W acted with gross negligence.
- I contacted Mr W and asked him about the warning, as well as his “Ok” response to it. He said he didn't know if he saw the warning; at the time he was distracted and feeling vulnerable due to being both shocked and upset by the unrecognised active card check.
- I can't say for certain whether Mr W read Monzo's warning. 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. Having carefully considered the submissions from both parties, I think it's more likely than not that Mr W didn't read the warning. I recognise that Monzo received an acknowledgement from him. But the warning was sent as part, and at the end, of a larger message which he'd responded to. Under the circumstances, I don't think Mr W's response can fairly be taken as confirmation that he read and understood the warning – and that he chose to ignore it – as Monzo asserts.
- I acknowledge that it was careless of Mr W not to have properly read Monzo's message containing the warning. But I don't think his failure to do so means his subsequent actions, and the context in which the information was shared, amount to failing with gross negligence to keep his security details safe. The scammer purported to be from Mr W's trusted bank and was already aware of suspicious activity on his account, as well as the fact that a new debit card was on its way to him. Mr W genuinely believed that he'd been contacted by Monzo both times and that it was taking steps to safeguard his money.
- As Mr W was then satisfied that he was communicating with his bank, I can't fairly say that it was unreasonable that he complied with its request to provide certain personal information that was requested, including a verification code for setting up Google Pay. I think that many people would have followed the instructions and

complied with what they were being asked. Especially in the context of (in their mind) protecting their money from fraudsters. Indeed, we've seen many others who have acted in the same way that Mr W did.

- Monzo has questioned why Mr W thought setting up Google Pay was a verification step and an essential process in securing the account. And why it had to be done there and then. Mr W has clarified to our service that it wasn't that he was complying with a verification step, rather it was his understanding that the caller was setting up Google Pay on *his* device following an update to security settings. Monzo raises a good point about why this needed to be done at that very moment. But it's easy to be critical about what someone should have done with the benefit of hindsight. Mr W was acting in the moment – when he trusted the caller. I don't think he was *significantly careless* for not questioning the caller.
- Overall, I don't think that Mr W's actions fell so far below what a reasonable person would have done in the same circumstances such that I think they amount to a serious disregard for an obvious risk. In other words, gross negligence. This means that Mr W isn't liable for the transactions in dispute and Monzo needs to put things right for him.

Putting things right

To put things right, I require Monzo Bank Ltd to:

- reimburse Mr W the unauthorised transactions totalling £7,206; and
- pay 8% simple interest per year on each refunded transaction, calculated from the date of each transaction to the date of settlement (less any tax lawfully deductible).

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Ltd to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 March 2023.

Gagandeep Singh
Ombudsman