

## **The complaint and what happened**

Mr M complains, on behalf of C, that Monzo Bank Ltd won't reimburse payments he didn't make or otherwise authorise. This decision only concerns C's losses. Mr M's personal losses will be dealt with separately.

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

- In February 2022, Mr M received a call from someone purporting to be Monzo, they knew details of the accounts held, including there was more than one of them, name, address etc. He was asked if some transactions had been made by him, which he confirmed he didn't recognise. He was asked to confirm the long card number of his personal card, and the last eight digits of the business card. He was then told to delete the app, redownload it and log in again. He was also told that he'd receive a notification about Apple Pay, which he'd need to accept. The text confirming the addition of Apple Pay appeared in his usual text line from Monzo.
- Mr M was told an email and a new card would be sent. But that didn't happen. Rather £10,000 was spent from C's business account with various retail outlets using Apple Pay. Mr M reported the matter to Monzo as he didn't make or otherwise authorise the transactions, but it declined to refund them as it said he didn't keep the security credentials safe and didn't do enough to verify the caller.
- Our investigator upheld the complaint and asked for a full refund and interest – she didn't think Mr M had failed with gross negligence or intent to keep the security credentials safe.
- Monzo asked for the matter to be referred to an ombudsman.

## **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 conclusions reached by the investigator for the following reasons:

- In line with the Payment Services Regulations 2017 (PSRs), Mr M (or C) isn't liable for payments he didn't authorise or consent to, unless he failed with gross negligence or intent to comply with the terms of the account and keep personalised security details safe.
- Monzo accepts that Mr M, on behalf of C, didn't carry out or otherwise authorise or consent to the transactions in question. Under the PSRs, the transactions are therefore considered unauthorised.
- I don't find Mr M failed with intent to keep the security details safe. He followed the instructions given on the understanding he was preventing unauthorised transactions from C's account.
- I also don't find Mr M failed with gross negligence. He believed he was speaking with his bank, and I understand why. The caller knew details about C's and Mr M's accounts and address information. And when he was told to expect an Apple Pay

notification, not only did that happen, but confirmation also appeared in the text line of other genuine texts from Monzo.

- I accept Mr M provided card information when perhaps he ought not to. And that he evidently went through at least some of the steps that enabled Apple Pay to be set up on another device. But I don't think that means he seriously disregarded an obvious risk, and therefore failed with gross negligence.
- Mr M believed the steps he took were to stop unauthorised transactions. He questioned the caller when he couldn't see the attempted transactions on his banking app. I find the explanation given by the caller to be entirely plausible – that the transactions had been spotted as potentially fraudulent and stopped before reaching the account. I'm not persuaded Mr M ought to have realised that providing the long card number could enable someone else to make transactions from C's account. I consider few lay people would know that the initial eight digits on a long card number represent the banking institution the account is held with; so by confirming the final eight digits of the business card number, Mr M was in effect providing the caller with the long card number in its entirety. Furthermore, I'm not persuaded that by completing the Apple Pay steps Mr M realised he was allowing it to be set up on another device – there is nothing within the screen shots provided, or the text confirmation, that tell him that. So whilst the screen information may have told the customer to contact Monzo if it wasn't them setting up Apple Pay, as he was told to expect this as part of the process to prevent transactions, there would have been no reason for him to contact the bank about that.
- Overall, I can see how Mr M, on behalf of C, was tricked into believing the steps he took were to prevent fraud on the account. I think a lot of people would have been tricked into doing the same, or something similar. I don't find his actions fell so far below what a reasonable person would have done, that it amounts to gross negligence. So I conclude neither Mr M, nor C, are liable for the transactions.

### **My final decision**

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Ltd to reimburse £10,000 to C, along with 8% simple interest per year on that sum, from the date of loss to the date of settlement (less any lawfully deductible tax).

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 9 March 2023.

Claire Hopkins

**Ombudsman**