

The complaint

Mr C complained because Monzo Bank Limited:

- refused to refund him for transactions he said he didn't make;
- he also complained about service issues; and
- Monzo closed his account.

What happened

On 24 June 2022, there was a £260.03 debit from Mr C's Monzo account. Mr C contacted Monzo later that day, and said he hadn't made this transaction. Monzo blocked the account and asked Mr C by Chat whether he'd been scammed into making the payment, or whether he was saying a third party fraudster made it. Mr C didn't reply, and Monzo asked again.

Meanwhile, on 25 June, and Mr C unblocked his account, and there were more debits: two debits each for £126.68; one for £24.46 and another for £5.56.

Mr C then replied to Monzo and said the money had been taken without his knowledge, and that he'd just noticed other transactions as well as the one on 24th. He said the card was supposed to be blocked, and he hadn't made the last five transactions on his account. The total disputed was £543.41.

Mr C told Monzo he still had his debit card, and no-one else had had access to his card, PIN, phone or other device from which he made payments. He said his phone was password or biometrics-protected; no-one else had access to this; and he hadn't written down his PIN.

Monzo's fraud team investigated, and told Mr C that after a thorough investigation, it was unable to treat the transactions as fraudulent and so it wouldn't reimburse him. It said this was based on Mr C's account history, as well as account activity around the transactions. Monzo said it didn't believe the transactions had been authorised by any third party. It also said that its terms and conditions allowed it to close any account, and it had therefore closed Mr C's account with immediate effect.

Mr C complained.

- He said his Monzo account wasn't secure, because of these further fraudulent transactions on his account [Mr C had made several previous disputed transaction claims];
- He said he was unhappy with the service on phone calls and chat, and that the Fraud department didn't call customers direct;
- He was unhappy that Monzo wouldn't reimburse him, and that it had closed his account.

In Monzo's final response to Mr C's complaint, it said:

- Mr C's card and account details had been secure with Monzo;
- The information it had regarding Mr C's account history, and account activity around the disputed transactions, meant that Monzo didn't believe a third party had authorised the disputed transactions;

- Although Mr C had found Chat inconvenient, Monzo preferred to use Chat. It did offer phone and email support but didn't offer all its support options for this method. Monzo said that its fraud team didn't provide an incoming customer phone line;
- It had correctly followed its procedures when closing Mr C's account on 4 July 2022 in line with the terms and conditions;

Monzo said that it could see there had been some delays while investigating Mr C's claim, so it offered to pay £30 to an alternative account as a gesture of goodwill.

Mr C wasn't satisfied and complained to this service.

Our investigator didn't uphold Mr C's complaint. He said the disputed transactions were all verified using the online banking app, and a device which Mr C had confirmed as genuine. Mr C had also used that device to request the card unblock on 25 June, after which the later four disputed transactions had taken place. The investigator noted that the times when Mr C had asked for the card to be unblocked, matched the times when a disputed transaction had been made. So whoever made the transactions knew when the card was blocked and unblocked – and it wasn't likely a third party fraudster could have known this. The investigator also confirmed that Monzo's terms and conditions gave it the right to close an account immediately under certain conditions.

Mr C wasn't satisfied. He said the payments had been made when the card was blocked, but the investigator explained that the card had been unblocked every time the transactions had been made. Mr C asked for an ombudsman's 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.

Disputed transactions

There are regulations which govern disputed transactions. The relevant regulations for disputed transactions taking place in June 2022 are the Payment Services Regulations 2017. These say that the payment service provider (here, Monzo) must show the transaction was authenticated. That's the technical part, and here, I've seen the computer evidence that the payments were authenticated using Mr C's online banking app, and a device which he confirmed as genuine. The disputed payments were authenticated using the PIN code via the app on the phone. So the disputed payments were authenticated.

The regulations also say that it's necessary to look at whether the card holder authorised the payments. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if he did authorise them. The regulations also say that account holders can still be liable for unauthorised payments under certain circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

Mr C said that no-one else had access to his card, or security information. He hadn't reported his card lost or stolen, and hadn't written down his PIN. So there's no clear way in which his account could have been compromised.

I've also considered the fact that Mr C asked Monzo to unblock his account after the first disputed transaction on 24 June. It did so – and this resulted in the disputed transactions on 25 June. Mr C told our investigator that he did this because he needed to use his card for emergency purposes. But there are no genuine transactions at the time when the account

was unblocked – only the ones Mr C then disputed. Even if a third party fraudster had been able to obtain Mr C's card and security details – which he said he hadn't lost or shared – a third party fraudster wouldn't have known exactly when the account was unblocked.

So I consider it's more likely than not that Mr C carried out the disputed transactions himself.

Customer service

Mr C complained to Monzo about its chat function. I do understand that not every customer likes using chat, but Monzo's use of chat as its preferred means of communication was a feature of the account which Mr C could reasonably have known when he opened the account. I can see that there was a short delay by Monzo during the investigation, but it paid Mr C £30 compensation for that. Monzo's short delay didn't alter the outcome of his complaint, and I consider the £30 compensation was more than fair in all the circumstances of this complaint.

Account closure

Monzo closed Mr C's account without notice on 4 July. I've looked at the terms and conditions of Mr C's account. Mr C would have agreed to these when he opened the account. Under the heading "*Closing your account*" these say:

"We can close your account by giving you at least two months' notice. We may close your account or stop you using your card and app immediately if we believe you've:

- *broken the terms of this agreement*
- ...
- *given us false information at any time*
- *given a third party control of your account, phone, card or PIN"*

I consider that the information Monzo had about Mr C's activity on his account gave Monzo fair and reasonable grounds to close his account immediately, in line with this provision in its terms and conditions.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 November 2022.

Belinda Knight
Ombudsman