

The complaint

Ms R has complained about a payment on her debit card with Monzo Bank Ltd. She said she didn't authorise it as in she never made any payment to the merchant listed on her account. and so, she wants it refunded.

What happened

Ms R was on holiday abroad. When checking her mobile banking online, she noticed a card payment for £194.38 which she didn't recognise. She thought the name suggested it was a payment to a merchant based in the area she was staying, but who she had never visited either on the day in question or otherwise. She reported it to Monzo who established she still had her debit card with her and that she had not given it or the PIN to anyone else.

Ms R was also able to provide evidence that the merchant she thought the payment related to didn't have any record of payments from Ms R's card.

Later Ms R remembered she hadn't shared a taxi with some friends to go back to her accommodation that night, as she had said originally to Monzo, but had actually got a taxi on her own back to her accommodation. She said she had heard it was a common scam for taxi drivers to set whatever name they wish for their payment machine, and to then overcharge. She thought that may have happened to her.

Ms R also complained about the number of people she had to speak to in Monzo over this with most of this taking place whilst she was still on holiday. Her complaint was re-opened by mistake causing additional confusion.

Monzo said, as her card and PIN were used correctly, and she still had her card with her after the transaction, it was likely she authenticated and consented to the transaction as detailed in the relevant regulations. Therefore, it was under no duty to refund her the transaction. It agreed it shouldn't have re-opened her complaint and it agreed to pay her £50 compensation for the confusion this caused.

Ms R remained dissatisfied and brought her complaint to us. The investigator was also of the view that it shouldn't be upheld. Consequently, Ms R asked for an ombudsman to review her complaint and the matter was then transferred to me, to decide.

I issued a provisional decision on 11 November 2022. And I said the following:

First, I do understand and appreciate that Ms R will be very disappointed with my decision.

However, the regulations under which complaints of this nature are decided are clear in their remit of what banks like Monzo should or shouldn't do in varying scenarios. Secondly, I consider it is more likely that not that the disputed transaction happened in the taxi Ms R took on the night in question, rather than at the merchant's premises (or somewhere else). This seems the most plausible explanation, bearing in mind

what we know about her movements that night as well as the information she provided from the merchant she contacted. I've not seen anything substantial to suggest the card was cloned, nor that someone else would have known her PIN to make the payment. As she now thinks she got a taxi home by herself and could have paid by card but not realised the amount had been increased, I accept this explanation.

The regulations applicable are the Payment Service Regulations 2017 (PSRs). As the investigator explained in her view the starting position is that a customer isn't liable for any transaction they didn't authorise, so the bank should refund such unauthorised payments. Authorisation of a payment involves both consent and authentication. Monzo has provided records to show the payment was properly authenticated using chip and PIN. And that doesn't seem to be in dispute – especially as it now seems accepted this was likely a taxi transaction which Ms R used her card and PIN to pay for. So, the key here is whether Ms R consented to the payment.

Consent has a specific meaning under the PSRs which isn't open to interpretation. It has to do with the process followed, as set out in the account terms, to make a payment. Put simply, if Ms R (or someone acting with her authority) was the one who put the card in the payment terminal and entered the PIN, then she has consented to it. And it seems likely that's what Ms R did here, as she believed she was paying a taxi fare (but in a much lesser sum than that which was charged to her card).

It seems likely to me that Ms R didn't notice the amount she was being charged for her taxi fare and it was increased very likely by adding another zero, given what she has explained the taxi fare was likely to have been for her journey. However not noticing the amount because Ms R had been out for the evening with friends doesn't negate her authorisation (including consent) for the transaction under the regulations. Consent under the PSRs isn't the same as Ms R knowing precisely who was charging her and the amount being charged. Simply by using her card and PIN which then instructs her bank to make the payment means under these regulations that she authorised the payment, even if she was tricked about the amount she was paying.

The PSRs put no onus on Monzo to refund her in these circumstances. Therefore, I have to conclude that Ms R's complaint cannot be upheld. Simply put, Monzo is not responsible for the scam that this taxi driver exerted on Ms R late at night on her way home alone from a night out with friends on holiday. Particularly as the payment didn't otherwise appear particularly suspicious, given it was properly verified by the chip and PIN in Ms R's card, which she hadn't lost or mislaid, and was made from the same location as other spending by Ms R around that time.

As regards the service Ms R received, I agree with the investigator that Monzo followed its own procedures efficiently and promptly once Ms R report the matter to it. I don't consider it caused any unnecessary delays either. I consider that Monzo explained properly why it was necessary for Ms R to have to speak to several different people and I also understand how that might not be ideal too, but I don't consider it was unfair or unreasonable. It quickly noted that re-opening Ms R's complaint by mistake did cause confusion and I consider the amount of £50 as compensation that it offered is reasonable.'

Neither Monzo nor Ms R had anything further to add following my provisional 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.

Having done so again, I remain of the view as expressed in my provisional decision that I'm not upholding this complaint. This is because neither Ms R nor Monzo had anything further to add

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 27 December 2022.

Rona Doyle
Ombudsman