

The complaint

Miss W is unhappy Monzo Bank Ltd won't refund transactions she didn't make.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my 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, I agree with the conclusions reached by the 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 Miss W failed with gross negligence to comply with the terms of the account and keep her personalised security details safe.
- Having considered the circumstances carefully, I'm not persuaded Miss W failed with gross negligence. I'll explain why.
- Miss W received a text message asking her to apply for a 'Covid Pass' by following a link – and warning her that she could be fined if she didn't. The website's address and presentation looked legitimate – it used the NHS's brand. And given that Miss W was regularly receiving messages from the NHS about Covid as part of her university's weekly testing, I can see how it seemed plausible and why Miss W shared her card details. I think lots of people would've acted in the same way. Indeed, it was a common scam at the time.
- A few days later, Miss W responded to a notification on her phone and completed steps in her Monzo app to set up Apple Pay. Unbeknownst to her, this added her card to a fraudster's device, who then made the payments.
- Miss W explained she was on the Monzo app at the time – she thought it could've been needed to check her details were the same. It's clear that she didn't recognise this could add her card to another device – and I note there's nothing in the steps to warn her about this.
- Monzo point out that the steps ask Miss W to contact them if she didn't request it. But I note that that this message is smaller and it's not in bold like the other text. So I can see how Miss W missed this at the time – I don't think it meant she *seriously* disregarded an *obvious* risk to conclude that she failed with *gross* negligence.
- Monzo also submit that Miss W used Apple Pay regularly – so she would've known it was working properly and she wouldn't need to re-confirm her details. But I think this

argument goes both ways – in that, as a regular user, I can see why she'd have felt comfortable going through the steps and why she'd have been keen to make sure it still worked for her. And I don't think it seems so unlikely that something might've happened to mean she needed to confirm Apple Pay again. It follows that I'm not persuaded that she acted with a *very significant* degree of carelessness to say that she failed with *gross* negligence.

- So I conclude she isn't liable for the transactions and Monzo needs to put things right – by refunding her losses from these unauthorised transactions alongside interest to compensate her for the time she's been out of pocket.

My final decision

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

- Pay Miss W the total of the unauthorised transactions, less any amount recovered or already refunded – I understand this to be £907.00.
- 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).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 1 March 2023.

Emma Szkolar
Ombudsman