

## **The complaint**

Mr P is unhappy that Monzo Bank Ltd won't refund transactions he didn't make.

## **What happened**

- On 30 December 2021, Mr P received a call from someone pretending to be from Monzo's fraud team. He said they told him someone was attempting fraud on his account and they'd disable his card and send a new one. They also asked him to enable Apple Pay so he could make payments in the meantime.
- Mr P recalled how he received further instructions from the caller, for example to move money from his 'Savings Pots' and to delete his app, and how he became increasingly suspicious. So he hung up and contacted Monzo, and he later realised he'd been the victim of fraud.
- Several transactions, totalling £3,685.00, were made from Mr P's account that day using Apple Pay on a different device. Monzo refunded £991.40, the amount taken from Mr P's overdraft as well as £0.24 in fees. But it refused to refund the remaining amount, saying that Mr P didn't take all the reasonable steps to protect the account. Unhappy with this response, Mr P brought his complaint to our service.

## **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've reached the same outcome as our investigator for these reasons:

- Monzo accepted these are unauthorised transactions. However, in line with the Payment Services Regulations 2017, it refused to refund them because it asserts Mr P failed with gross negligence to comply with the terms of the account and keep his personalised security details safe.
- Having considered the circumstances carefully, I'm not persuaded that's the case. I'll explain why.
- Mr P said the caller already knew information about his account. I accept he's not consistently said exactly what they knew, but I think it's likely they at least had and would've referenced his card details. That's because they were used to add Apple Pay to the fraudster's device and neither side has alleged Mr P shared these during the call. From our experience with these scams, it's common they're phished beforehand and used to legitimise the call, as well as to facilitate the fraud.
- Taking this into account, I can see how Mr P trusted they were calling from Monzo – I think lots of people would've done.

- Mr P recalled how he was told someone was attempting payments and, after confirming they weren't him, that they'd disable his card. They then asked him to approve a notification in his Monzo app to set up Apple Pay on his device – this was so he could pay for things while he waited for his new card.
- I can see how this sounded plausible to Mr P at the time – I don't think it sounds particularly different to what lots of people would expect their genuine bank's fraud team to say.
- Monzo point out that Mr P ought to have questioned why he was setting up Apple Pay when he'd an Android phone. I accept he could've done, but I don't think his actions meant he was *significantly* careless here – to say that he failed with *gross* negligence.
- In saying this, I've considered that Mr P trusted the caller and was acting in the heat of the moment when he was concerned about his money.
- I've also considered that the notification would've appeared in the app and how Mr P only needed to click '*Add Card*' – notably, this was the only screen that referenced Apple Pay and it didn't say what device it was being added to. After that, Mr P would've entered his PIN on a separate screen and the process was complete. So, this would've all happened quickly – there weren't many opportunities or warnings for Mr P to reflect on what he was being asked to do.
- Monzo has also mentioned how Mr P confirmed his balance with the caller and moved money from his 'Savings Pots'. But I don't think these affect my consideration of whether Mr P failed with gross negligence to keep his personalised security details safe or comply with the terms and conditions of his account. That's because they happened after Apple Pay was set up – and they're not security details nor has Monzo explained how this breached their terms and conditions.
- Either way, I don't think it's grossly negligent to have followed these instructions. After all, Mr P was being reassured that he was speaking with his bank, and it would've been difficult for him to have put together in the moment what someone could've achieved by him doing this.
- Taking this all into account, I don't think Mr P's actions fell *so far below* what a reasonable person would've done that he failed with *gross* negligence. So I conclude that he isn't liable for the transactions and Monzo needs to put things right – by refunding his losses from these unauthorised transactions alongside interest to compensate him for the time he's been out of pocket.
- Monzo ought to have refunded this much sooner and that's exacerbated Mr P's stress and worry over the situation. So I also award £100 to reflect his non-financial losses.

## My final decision

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

- Pay Mr P the total of the unauthorised transactions, less any amount recovered or refunded – I understand this to be £2,693.60.

- 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).
- Pay £100 for Mr P's distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 January 2023.

Emma Szkolar  
**Ombudsman**