

The complaint

T, a small business, has complained Monzo Bank Ltd won't refund money for transactions they didn't make.

Miss E, who trades as T, represents T in this complaint.

What happened

Miss E opened a business account in the name of T with Monzo in April 2022. In July she was using T's card to withdraw cash and make some purchases. Just after that she noticed four transactions she'd not made on T's account and complained to Monzo. Miss E was sure T's card had been cloned as she'd not made these.

Monzo wouldn't repay T's account as they could see the debit card must have been present to make these contactless transactions. Miss E brought T's complaint to the ombudsman service.

Our investigator was aware that Miss E originally believed she hadn't lost T's card and only noticed this later (along with another card she'd lost). The nature of the transactions meant our investigator believed these hadn't been authorised by T. She asked Monzo to reimburse T.

Monzo disagreed with this outcome. Miss E had never informed them she'd lost T's card and they questioned why we'd believed her. They asked an ombudsman to consider her complaint.

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 conclusion as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to T's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. Other factors do apply but nothing else specific in T's case.

So to help me decide what happened, I've looked at the evidence of the transactions, as well as what Monzo and Miss E have told us.

Overall I believe the evidence doesn't support Monzo's view that T authorised these transactions. I say this because of the following points:

- All the disputed transactions were contactless and therefore didn't require a PIN. When the last transaction required a PIN for authentication, no PIN was entered and the transaction failed. If this had been Miss E, I see no reason why she wouldn't have entered the PIN correctly.
- The disputed transactions all happened late at night, close together and didn't follow the normal transactions on T's account. They do, however, look rather like fraudulent transactions.
- Miss E didn't have T's card in her possession.

I appreciate Monzo's scepticism about when Miss E lost T's card. They've pointed out she was convinced the card had been cloned. I also note that Miss E regularly used T's card so I would have expected her to notice and report it missing before she did in fact notice.

However I believe evidence about the disputed transactions is more convincing so overall I'm satisfied T didn't authorise these.

Putting things right

As I don't believe T authorised the four disputed transactions, Monzo will need to reimburse £165.14 to T. 8% simple interest will need to be added to this amount from 8 July until the amount is reimbursed.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- Repay £165.14 to T; and
- Add 8% simple interest from 8 July 2022 until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 22 December 2022.

Sandra Quinn
Ombudsman