

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 outcome reached by our 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 she failed with gross negligence. I'll explain why.
- Miss W was called by someone pretending to be from Monzo's fraud team. She said they knew information about her, like her new address, account details and the phone she used. So, I can see why she trusted them.
- Miss W was told that someone was trying to make transactions using her card. She had recently fallen victim to a phishing text scam which convinced her to share her card details. So, I can understand how the context of the call seemed plausible and why she became worried about the safety of her money.
- She was asked to forward an email that she received from Monzo – they told her they needed this to help set up a new PIN and protect her account.
- Monzo submit that Miss W should've been put off by the warning not to forward it, even to them. She's explained she did question this with the caller, and they reassured her she wasn't forwarding it to just anyone – and I note they gave her a legitimate looking email address to use. She's also said she was panicked that if she didn't, someone would steal her money.
- In the heat of the moment, talking with someone she'd been cleverly convinced to trust, I can see why she followed their instructions. I'm not convinced she acted with *very significant* carelessness to say that she failed with *gross* negligence.
- Miss W was also asked to confirm her old PIN before they could issue a new one. Monzo submit it's universally known that people shouldn't share their PIN. But I'm

mindful that people use their PIN with Monzo for lots of different reasons (and not just to do with payments). So, I don't think it sounded entirely implausible that she might be asked for it in this context.

- The circumstances are again important to consider here: this was a well-orchestrated scam, where she understandably felt under pressure by someone she thought was a trusted professional. Taking this all into account, I don't think Miss W's actions fell so *far below* what a reasonable person would've done to conclude she failed with *gross* negligence.
- It follows that I conclude Miss W 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.
- I've also considered Miss W's non-financial losses. I understand that Monzo has already paid her £100 for delays in its investigation. Our investigator recommended a further £100. Given that Monzo should've refunded this much sooner and it's clear this put Miss W under a lot of stress about how she'd meet her living costs, I agree this is a fair award.

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 £8,935.50.
- 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 a further £100 for Miss W's distress and inconvenience. I understand £100 has already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 8 March 2023.

Emma Szkolar
Ombudsman