

The complaint

Miss G is unhappy Monzo Bank Ltd won't refund a transaction 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 this was an unauthorised transaction. However, in line with the Payment Services Regulations 2017, it refused to refund it because it asserts Miss G 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 G failed with gross negligence. I'll explain why:
- Miss G received a call from someone who said they worked on behalf of several banks to prevent fraud. They told her a fraudster was trying to steal money from her Nationwide account – and they also needed to investigate and secure her Monzo account. For that, they asked her to forward an email she'd receive from Monzo to them and share her PIN, alongside confirming her card details.
- Monzo submit there was nothing linking the caller to Monzo. But the fraudster explained they were working on behalf of several banks as part of a new initiative. I don't think that sounds entirely implausible. That's bearing in mind that most people are experiencing this type of call for the first time – this isn't something they receive regularly so they could effectively challenge what they're being told about their bank tackles fraud.
- And I note that Miss G did try to question the caller – asking for their name and department and why they needed the information they did. I recognise she could've done more – for example, searching their number and the answers they gave online, as Monzo highlight. But the test I'm considering isn't whether she did everything possible to thwart this scam – instead, it whether her actions meant she acted with *very significant* carelessness in comparison to the reasonable person. And considering that most people don't go to lengths or indeed know how to effectively verify incoming calls, I'm not persuaded Monzo has shown that's the case here.
- Monzo also highlight that the email she forwarded warned her not to. But I've considered that Miss G was understandably panicked at the time – after all, she was

told that fraudsters were in her accounts stealing her money. So I can understand why she would've been keen to follow their instructions quickly – and how she might not have taken proper notice of the warnings. Afterall, it's not the case that this warning was something she was required to interact with. We also know from our experience of scams how fraudsters will cleverly coach people into believing that the warnings don't apply to them.

- This isn't to say that Miss G acted perfectly reasonably. But, taking into account the elaborate story the fraudsters concocted, Miss G's inexperience with fraud and the fear they created, I don't think Monzo has shown that she fell *so far below* what a reasonable person would've done that she failed with *gross* negligence.
- So I conclude that she isn't liable for the transaction and Monzo needs to put things right – by refunding her losses from this unauthorised transaction 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 G's complaint. Monzo Bank Ltd must:

- Pay Miss G the total of the unauthorised transaction less any amount recovered or already refunded – I understand this to be £802.40.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transaction to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 2 May 2023.

Emma Szkolar
Ombudsman