

## **The complaint**

Mr M complains that Monzo Bank Ltd failed to refund a transaction he didn't recognise.

## **What happened**

Mr M was travelling abroad and reported to Monzo on 8 September 2022 that he'd lost his debit card which was linked to his account. After reviewing his account, Mr M didn't recognise one particular transaction that had taken place on 2 September 2022.

Mr M told Monzo that he hadn't visited the area where the transaction had taken place and asked for a refund. Monzo checked their records and found that the transaction was made using the contactless feature of the card which meant the physical card itself was used to make the purchase.

Monzo's records showed that Mr M had made other transactions using the same card which occurred after the disputed one and prior to Mr M realising it was lost. The later transactions weren't disputed and Monzo declined to refund Mr M.

Mr M made a complaint to Monzo about the refund and maintained that he hadn't made the transaction, believing that his card may have been copied. Monzo didn't change their position and Mr M then brought his complaint to the Financial Ombudsman Service for an independent review where it was looked into by one of our investigators. During the complaint process, Monzo issued Mr M with a notice to close his account.

After reviewing evidence supplied by both parties, the investigator thought that Monzo had acted reasonably and the transaction was likely authorised by Mr M. He disagreed and asked for a further review of his complaint, continuing to state that he wasn't responsible for the transaction.

As no agreement could be reached about the complaint, it's now been passed to me for a 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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Monzo can hold Mr M liable for the disputed payment if the evidence suggests that it's more likely than not that he made them or authorised them.

Monzo can only refuse to refund unauthorised payments if it can prove Mr M authorised the transaction, but Monzo cannot say that the use of the contactless card conclusively proves that the payment was authorised.

Unless Monzo can show that consent has been given, it has no authority to make the payment or to debit Mr M's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed

transaction. It shows that the transaction was authenticated using the payment tools issued to Mr M. I'll now need to consider the information provided by both parties to determine whether there's sufficient evidence to hold Mr M responsible for the disputed transaction or not.

The disputed payment was made using the genuine card issued to Mr M which meant that whoever used it to make the transaction was in possession of it at the time. Mr M believes it may have been somehow copied, but the technical evidence provided by Monzo shows it was the genuine card, so I don't think that's the answer here.

If it was somehow copied, I would expect a thief to maximise their use of it while there were funds in the account or the bank closed access to the card. That didn't happen here, and I noted that the disputed payment was for a modest amount – about £75.00.

I've thought whether the card could have been taken from Mr M, used and then replaced without his knowledge, but that seems unlikely given he was visiting abroad which would seem to make returning it a problem. Also, if someone did manage to get hold of the card, why would they make a modest transaction and return it – rather than maximise what was available on the card with multiple purchases?

Mr M said he didn't visit the area where the payment was taken but looking at the map of where he was visiting, the area of the transaction is effectively next door, so I don't think it's implausible that the card was used there.

Because Mr M had the card after the disputed transaction was made to make other undisputed payments, it's more likely than not that the disputed transaction was carried out by him or someone he allowed to use the card. In either of these cases, it's reasonable for Monzo to hold him liable for it and I won't be upholding this complaint.

Mr M questioned the closure of his account after lodging the original complaint. It doesn't appear that Monzo have been approached specifically about the closure, so it's difficult to make any determination about this point until Monzo have had an opportunity to answer the complaint. But, in general terms, if Monzo provided the appropriate notice to close the account then the terms of the account allow this. If Mr M believes the terms weren't followed and he was treated unfairly, then he can make a separate complaint to Monzo about the closure and if necessary to bring that to our service for a review.

## **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 February 2023.

David Perry  
**Ombudsman**