

The complaint

Mr D complains that Monzo Bank Ltd won't refund the money he lost when he fell victim to a bank impersonation scam.

What happened

On 21 March 2022, Mr D received a phone call from someone pretending to be from Monzo. He's provided a screenshot showing the call on his phone. It lasted for around three minutes and came up as no caller ID.

Mr D has explained that a few days before the payment, he received a text message about getting an online order redelivered. As he was expecting a parcel, he clicked on the link and explains he entered his bank details thinking he was paying a fee to arrange a redelivery.

Mr D says the caller told him that someone was using his card and that he received an active card check notification from a restaurant showing an attempted payment of £0.00. He told Monzo the caller asked him how much money he'd got in his bank account and that the caller said any money that was taken would be refunded. A card payment for £695 was made from Mr D's Monzo account to a cryptocurrency exchange. Mr D says he doesn't know how the payment happened. He added that as soon as the money was taken, the caller hung up on him and that's when he knew it had been a scam.

Mr D contacted Monzo and asked the bank to pay the money back. He explained he didn't approve anything and that he desperately needed the money to help his family.

Monzo looked into the situation but concluded there was nothing it could do to help. It said that it couldn't try to get the money back through a chargeback because the disputed transaction had been approved in Mr D's mobile banking app. It said Mr D didn't take reasonable steps to protect his account. Mr D made a complaint. In its final response letter, Monzo said it had correctly followed its internal procedures in line with its regulatory obligations.

Mr D referred his complaint to this service. Initially he told our Investigator that the caller asked him to approve something in his mobile banking app and that he was told to move his money to keep it safe. Then Mr D later said that he didn't approve anything in the app and only saw the active card check notification for the restaurant. Mr D told our Investigator that he didn't verify the caller's identity, but he believed they were from Monzo because of the active card check notification. He said the caller told him that the money was going to be refunded back.

Our Investigator spoke to Mr D again. He said he didn't log into his Monzo app at the time and that the caller didn't ask him to approve any payments. He said he wasn't told that any money would be leaving his account.

Our Investigator recommended the complaint should be upheld, but Monzo disagreed. It thought Mr D should have questioned why there needed to be a refund as no money had been taken and that he should have questioned why a cryptocurrency exchange was

involved. It pointed out that Mr D had moved £840 from his savings pot to his current account two minutes before the disputed card payment was made and said there was no reason why Mr D would need funds in his account to accept a refund. The bank said Mr D had authorised the payment in his mobile banking app. It was also concerned about the length of the call, suggesting it was not long enough for trust to be built.

As no agreement could be reached, the complaint was referred to me. I asked Monzo for technical evidence about the disputed payment. The bank said there has only ever been one device linked to Mr D's account and it is still registered now. It provided evidence to show the disputed payment was approved using an electronic fingerprint recognition feature built into the device.

I asked Mr D why he moved £840 from his savings pot into his current account. I asked him what he thought was happening at the time, what he saw displayed on his device and whether he asked the caller any questions.

Mr D responded to say that he didn't remember moving £840 out of the savings pot. He said he believed the caller worked for Monzo because they said they did and because of the notification he'd received saying his card was being used in a restaurant. He said that he didn't see anything about a cryptocurrency exchange and didn't click on anything. He suggested the caller must have had access to his online banking

I issued a provisional decision last month setting out why I didn't think Monzo had any responsibility for refunding this loss. I explained that I'd reached that conclusion having taken into account that:

- This is a difficult case to consider because what Mr D has said to both Monzo when he reported the transaction and to this service when we have investigated often contradicts. I also took into consideration how quickly everything happened, and that English is not potentially Mr D's native language. I recognised that I am never going to know for sure exactly what the circumstances surrounding the disputed card payment really are. Mr D told us as much as he could, but he's said different things at different times, making it hard for me to place much weight on what he can remember. I explained that I would make my decision on balance, based on what I consider is most likely to have happened in the light of the available evidence.
- The Payment Services Regulations 2017 explain that a transaction can be regarded as being authorised if the payer has given their consent to its execution. Whether a payment transaction has been authorised or not is important because account holders will usually be liable for payments they've authorised and, generally speaking, banks will be liable for unauthorised payments. If Mr D made the disputed card transaction himself, or agreed that it could be made, the starting point is that it would not be fair to ask Monzo to refund it.
- The bank's technical evidence shows the card payment only went through because it was approved in the mobile banking app, which is something only Mr D could have done.
- I noted that at the time that the call took place, the balance of Mr D's account was less than £5. It was the transfer of £840 from his savings pot into the current account that provided the funds for the disputed card payment. When I asked Mr D about why he moved the money from the savings pot, he didn't remember this happening.

- On balance, I thought the disputed transaction was authenticated using Mr D's payment information and that he consented to the payment being made.
- I thought about whether Monzo ought to have identified that Mr D was at risk of financial harm from fraud and intervened before allowing the payment to go through. But the payment being made using his card details would have appeared unremarkable. So I wasn't persuaded it would be fair to say Monzo should have done more to challenge the payment and find out more about it.
- I thought about whether Monzo could ask for the disputed payment to be refunded using the chargeback process. But I didn't think Monzo had treated Mr D unfairly by not raising a claim. I can't fairly expect Monzo to initiate the process where no chargeback right exists as there would not be a realistic chance of it being successful.

Monzo accepted my provisional decision and had nothing further to add. Mr D did not respond. As the deadline for responses from both parties has now passed, I have reviewed the complaint afresh.

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, and as neither party has sent any new evidence or arguments for me to consider, I see no reason to depart from the conclusions set out in my provisional decision and summarised above.

I appreciate that Mr D has lost money and this has left him in a very difficult position. But for the reasons I have previously explained, in all of the circumstances of this case, I can't fairly or reasonably say that Monzo is responsible for refunding the loss.

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 D to accept or reject my decision before 14 February 2023.

Claire Marsh
Ombudsman