

The complaint

Mrs S is unhappy that Monzo Bank Ltd won't refund payments 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've reached the same outcome as our investigator for these reasons:

- It seems Mrs S was tricked into adding her card to Apple Pay – and fraudsters then made two card payments to top up a newly created account with Revolut. So I don't think it was Mrs S that went through the agreed steps to consent to these payments – it follows they're unauthorised.
- In line with the Payment Service Regulations 2017 (PSRs), Mrs S isn't liable for payments she didn't authorise, unless she failed with intent or gross negligence to comply with the terms of the account or keep her personalised security details safe.
- I don't agree with Monzo that Mrs S failed with gross negligence. She's explained she wanted to cancel her Amazon Prime membership, so the call from Amazon made sense at the time. She also said they had details of her Monzo account, and the original caller passed her thorough to a different 'department' as she was due a refund from cancelling her membership.
- Given the timing, the personal details they knew and the sophistication of the set-up, I can see why Mrs S believed she was talking with a trusted business – I think a lot of people would've done.
- In saying that, I've considered Monzo's point that they didn't use a spoofed number. Mrs S said she didn't think about it at the time – she just answered the call. And given everything else they did to legitimise who they were, I can see how the number didn't ring alarm bells. I'm also mindful that most people don't regularly receive calls from Amazon to know how they'd appear on your phone.
- Mrs S was led to believe she was due a refund and that needed to be paid back using Apple Pay. As she didn't know how to do it, they offered to help her and asked her to download remote access software.
- Monzo submit that Mrs S received refunds before – so she ought to have questioned why Apple Pay was needed here. But businesses have different ways of doing things

– so I don't think Mrs S acted with *very significant* carelessness for believing what she was told by the business she trusted.

- Monzo also point out that the steps Mrs S followed to set up Apple Pay didn't mention a refund. But I can see how, in the moment, it seemed plausible that it needed to be set up for a refund to be received. And I've noted there's nothing to clearly warn her in these steps that Apple Pay was being set up on another device and that could be used for making payments. So I can understand why Mrs S didn't question this and instead focussed on their instructions, thinking that they'd offered to help with a payment method that wasn't familiar to her. I don't think she *seriously* disregarded an *obvious* risk here – to say that she failed with gross negligence.
- Monzo also suggest she should've been alarmed by the use of remote access. It's not clear that remote access was used or needed for these particular payments. But either way, I'm mindful this was cleverly framed as an offer of help, when Mrs S said she didn't know how to do it herself. So I can see how she didn't recognise there was a risk at the time, particularly when she trusted the caller and thought they'd the expertise in the matter.
- Taking this all into account, I don't think Mrs S failed with *gross* negligence. So, I conclude she isn't liable for the transactions and Monzo need to put things right – by refunding her losses from these unauthorised transactions alongside 8% simple interest per year to compensate her for the time she's been out of pocket.
- Monzo should've refunded this much sooner – Mrs S has explained that because it didn't, she went into her overdraft by around £70. So, Monzo should also refund any fees and charges, alongside correcting any negative credit file reporting – but only where the overdraft would've been avoided had the refund been provided sooner.

My final decision

For the reasons I've explained, I uphold Mrs S's complaint. Monzo Bank Ltd must:

- Pay Mrs S the total of the unauthorised transactions (I understand this to be £414.00), less any funds that have been refunded or recovered.
- 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).
- Refund any fees and charges, alongside correcting any negative credit file reporting – but only where Mrs S's overdraft would've been avoided had the refund been provided sooner.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 28 February 2023.

Emma Szkolar
Ombudsman