

The complaint and what happened

Mr M complains that Monzo Bank Ltd won't reimburse payments he didn't make or otherwise authorise. This decision only concerns Mr M's personal losses. The business losses were dealt with separately. As both losses were incurred as a result of the same scam neither party should be surprised by any repetition in the decisions.

The full details of this complaint are well known to both parties, so I won't repeat them here. Instead, I'll recap the key points and focus on giving reasons for my decision:

- In February 2022, Mr M received a call from someone purporting to be Monzo, they knew details of the accounts held, name and address etc. He was asked if some transactions had been made by him, which he confirmed he didn't recognise. He was asked to confirm the long card number of his personal card, and the last eight digits of his business card. He was then told to delete the app, redownload it and log in again. He was also told that he'd receive a notification about Apple Pay, which he'd need to accept. The text confirming the addition of Apple Pay appeared in his usual text line from Monzo.
- Mr M was told an email and new card would be sent. But that didn't happen. Rather £1,290 was spent from his personal account, over seven separate transactions, in a supermarket (in addition to other transactions on the business account). Mr M reported the matter, but Monzo declined to refund the transactions as it said he didn't keep his security credentials safe and didn't do enough to verify the caller.
- Our investigator upheld the complaint and asked for a full refund and interest – she didn't think Mr M had failed with gross negligence or intent to keep his security credentials safe.
- Monzo disagreed, but the investigator wasn't persuaded to alter her findings. Monzo asked for a week's extension to respond further, but so far hasn't done, not even when notified the matter was being referred to an ombudsman.

I'm satisfied Monzo has had ample opportunity to reply but hasn't done so; its now appropriate to move this complaint to our final stage.

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 conclusions reached by the investigator for the following reasons:

- Under the Payment Services Regulations 2017 (PSRs), Mr M isn't liable for payments he didn't authorise or consent to, unless he failed with gross negligence or intent to comply with the terms of the account and keep personalised security details safe.
- Monzo accepts Mr M didn't carry out, authorise or consent to the transactions in question. Under the PSRs the transactions are therefore considered unauthorised.

- I don't find Mr M failed with intent to keep his security details safe. He followed the instructions to prevent unauthorised transactions from his account. I also don't find Mr M failed with gross negligence. He believed he was speaking with his bank, and I understand why. The caller knew details about Mr M's accounts, including the business account, and address information. And when told to expect an Apple Pay notification, that appeared in the text line of other genuine texts from Monzo.
- I accept Mr M provided card information when perhaps he ought not to. And that he evidently went through some of the steps that enabled Apple Pay to be set up on another device. But I don't think that means he seriously disregarded an obvious risk, and therefore failed with gross negligence.
- Mr M believed the steps he took were to stop unauthorised transactions. He questioned the caller when he couldn't see the attempted transactions on his banking app. Monzo has argued that all transactions would show whether fraudulent or not. But Mr M might not be aware of that, and I find the explanation given by the caller to be entirely plausible – that the transactions had been spotted as potentially fraudulent and stopped before reaching the account. I'm not persuaded that Mr M knew that providing his long card number to who he thought was his bank, could enable someone else to make transactions from his account. Furthermore, I'm not persuaded that by completing the Apple Pay steps Mr M realised he was allowing it to be set up on another device – there is nothing within the screen shots provided, or the text confirmation, that tell him that. So whilst the screen information may have told the customer to contact Monzo if it wasn't them setting up Apple Pay, as he was told to expect this as part of the process to prevent transactions, there wouldn't have been a reason for him to contact the bank about that. In any event, Mr M thought he was already speaking with and following the instructions of his bank.
- Overall, I can see how Mr M was tricked into believing the steps he took were to prevent fraud on the account. I think a lot of people would have been tricked into doing the same or something similar. I don't find his actions fell so far below what a reasonable person would do, that it amounts to gross negligence. So I conclude Mr M isn't liable for the transactions.

My final decision

For the reasons given, my final decision is I uphold this complaint. I require Monzo Bank Ltd to reimburse Mr M £1,290 and add 8% simple interest per year on that sum from the date of loss to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 March 2023.

Claire Hopkins

Ombudsman