

The complaint

Miss F complains that Monzo Bank Ltd won't refund transactions 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:

- The starting position under the Payment Services Regulations 2017 (PSRs) is that Miss F is liable for payments she authorised. These explain that authorisation depends on whether the payment transactions were authenticated correctly and whether she consented to them.
- It's not disputed that the disputed payments were authenticated correctly. Whether Miss F consented to them depends on whether she completed the agreed steps to make the payments.
- It's my understanding that to make the payments, Miss F would've needed to enter her card details on the merchant's website and enter her PIN on Monzo's app.
- I'm persuaded that Miss F didn't input her details on the merchant's website. Instead, it's likely the fraudster did this after stealing her information from the phishing website where they tricked Miss F into sharing her details for the purposes of receiving a payment.
- Monzo argues, in line with its terms, that Miss F authorised the payments when she entered her PIN on the app. But she didn't do this with the understanding she was consenting to payments. Rather, she thought this was part of the process to receive a payment for the item she believed she'd sold.
- Furthermore, the PSRs set out that a payment is regarded to be authorised if the payer has given consent to the execution of a payment transaction. That consent must be given in the form, and in accordance with the procedure, agreed between the payer and its payment service provider.
- As Monzo's terms allude to, entering your PIN alone isn't enough to execute a payment. Further steps, such as entering the card details, are needed. As set out above, I don't think Miss F completed these steps. Nor did she enter the PIN with the intention or understanding that she was authorising these payments.

- As Miss F didn't complete all the steps to make these payments, nor did she consent for someone else to do so, these payments are unauthorised.
- The payment information I've seen suggest these transactions were requested online for 'ecommerce'. That means they're 'distance contracts' – in other words, a transaction where neither the merchant nor the consumer are physically present. And I've not been persuaded they're 'excepted contracts' – the payment information suggest these were related to an art dealer and gallery.
- This means that, in line with 77(4)(d) of the PSRs, Miss F could only be liable for them if she acted fraudulently. I've seen nothing to suggest that, nor has Monzo suggested it. Miss F was instead the victim of a scam.
- So, in line with the PSRs, I conclude that Miss F isn't liable for these disputed payments and Monzo needs to put things right – by refunding her losses from the payments alongside interest to compensate her for the time she's been out of pocket.
- Monzo ought to have promptly refunded Miss S when she reported what happened. Its failure to do so unnecessarily caused her additional worry and upset. So I'm awarding a further £150 compensation to reflect this.

My final decision

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

- Pay Miss F the total of the unauthorised payments less any amount recovered or already refunded – I understand this to be £1,910.22.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transactions to the date of settlement (less any tax lawfully deductible).
- Pay £150 compensation for Miss F's distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 20 April 2023.

Emma Szkolar
Ombudsman