

## **The complaint**

Miss F complains that Monzo Bank Ltd (Monzo) won't refund transactions on her account which she didn't make.

## **What happened**

The details of this complaint are well known to both parties. So rather than repeat them all again here, I'll briefly summarise the key points.

Miss F has explained that she fell victim to a scam. She was selling a sofa on Gumtree, and someone posing as an interested buyer messaged her. They asked to arrange delivery and sent her a screenshot allegedly showing how to do this via Gumtree, followed by a link to a website which they said would allow her to receive the payment and schedule the courier.

After completing the form on the website, including entering her card details, Miss F received a notification on her Monzo app. She thought this was to confirm/validate her card via Google in order to receive the payment. But it was actually to set up Google Pay on another device, using the card details the scammer had stolen from the phishing link it had sent her.

Three unauthorised payments for £127.93, £127.92 and £42.07 respectively then left Miss F's account. More were attempted but blocked due to insufficient funds. The first two payments were made using funds Miss F held in her account, but the last payment was made entirely from her overdraft.

Miss F reported what had happened to Monzo – but it wouldn't refund her. It said she hadn't taken enough steps to keep her account safe.

Unhappy with Monzo's response, Miss F referred the matter to our service. Our investigator proposed that Monzo should refund the payments, with interest, and pay £200 compensation for the worry caused by failing to refund her sooner.

Monzo didn't agree so the matter has been passed to me to decide. I issued my provisional decision earlier this month explaining why I was minded to uphold this complaint. I gave both parties a deadline to provide any further evidence and arguments before finalising my decision.

Miss F has responded to accept my provisional decision. And Monzo hasn't provided anything further. As the deadline I set has now passed, I'm proceeding to issue my final 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.

As I've received no further points or disputes in response to my provisional findings, I see no reason to depart from these. And so, for the following reasons, I'm upholding this complaint:

- Monzo accepts these were unauthorised transactions. But it says that, in line with the Payment Service Regulations 2017 (PSRs), Miss F is liable as she failed with gross negligence to comply with the terms of her account and keep her personalised security details safe.
- That's relevant to the first and second disputed payment. But it's not the right consideration for the third and final payment, as it came entirely from Miss F's overdraft. In line with section 83 of the Consumer Credit Act 1974, Miss F isn't liable for unauthorised use of a credit facility. So Monzo should refund this payment.
- I'm also not persuaded that Miss F failed with gross negligence. That's not to say there wasn't more she could have done to protect herself. But I don't think her actions show a very significant degree of carelessness beyond what a reasonable person in her circumstances would have done.
- Miss F was genuinely selling a sofa, so the message from the scammer posing as an interested buyer wasn't particularly unexpected. She hadn't used Gumtree before so wasn't as familiar with the process. So when the scammer provided a screenshot, which I find looked convincing, showing that it offered a delivery service, I don't find it wholly unreasonable that Miss F trusted this.
- Likewise, the link she was sent contained 'Gumtree' in the URL, seemingly supporting what she was being told by the scammer. I don't think it was obvious to her that the scammer would be able to access and use the card details she entered.
- Miss F then received a notification which would have taken her to a screen saying, *'Finish adding your card to Google Pay'*. She would have had to press *'Add Card'*, taking her to another screen to enter her PIN.
- Based on what Miss F has told us, I'm persuaded she genuinely believed this was to verify her card in order to receive the payment. I can understand why she didn't realise that it was, in fact, adding Google Pay to another device that wasn't hers in order to make payments. The screens didn't explicitly set that out. Nor did she realise someone else had her card details allowing them to initiate this. In the circumstances, she was persuaded it followed on from the process she was completing to receive a payment.
- Overall, while I've considered Monzo's reasons for negligence, I'm not persuaded they amount to a failure with gross negligence. I can see why Miss F trusted what she was told and didn't probe further – I think lots of people would have done the same in these circumstances.
- In line with its obligations, Monzo is expected to promptly refund unauthorised payments. It hasn't done so here. As well as depriving Miss F of use of these funds, she's explained that it caused her hardship and worry. She's been left with the stress of the overdraft debt, which she says has left her struggling to afford rent and food. In the circumstances, I find that Monzo should pay her £200 to compensate her for this unnecessary distress and inconvenience.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I direct Monzo Bank Ltd to:

- Refund Miss F for these unauthorised transactions, totalling £297.92;

- For the first two transactions, pay 8% simple interest per year from the date of the payments to the date of settlement (less any tax lawfully deductible);
- Rework Miss F's account and refund any interest and charges, along with amending her credit report to remove any negative reporting, caused by the transactions. If Miss F repaid any borrowing created by the transactions, Monzo should add 8% simple interest per year from the date he repaid the borrowing to the date of settlement (less any tax lawfully deductible); and
- Pay Miss F £200 compensation for her 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 March 2023.

Rachel Loughlin  
**Ombudsman**