

The complaint

Miss P complains that Monzo Bank Ltd (“Monzo”) won’t reimburse a payment sent from her account which she didn’t make or otherwise authorise.

What happened

The detailed background to this complaint is well known to both parties, so I won’t repeat it again here. Instead, I’ll provide an overview and focus on giving my reasons for my decision.

- Miss P received a call from someone purporting to be from Monzo. They said they’d called in relation to suspicious activity on her account. Miss P states the caller already knew some of her details – name, address, and last few transactions. She entered a PIN thinking she was completing security verification, but in fact Miss P had approved setting up of an Apple Pay token.
- Miss P didn’t recognise some of the transactions the caller listed, and they asked her to move money from her ‘savings pots’ into the main account before they could cancel her debit card. The caller then instructed Miss P to approve one of the unrecognised transactions – for £502.99 – before it could be refunded. She states she clicked on the transaction in her Monzo app but didn’t approve it as she became suspicious. But the transaction went through anyway.
- Monzo declined to refund the money and said it wasn’t possible for the transaction to have been authorised by anyone else. Our investigator didn’t agree with Monzo – they thought that Miss P hadn’t authorised the disputed transaction. They recommended Monzo to reimburse her in full along with interest, plus £100 compensation for not mitigating her worries sooner. Miss P accepted the investigator’s outcome, but Monzo didn’t.
- The complaint was passed to me to decide, and I contacted Miss P informally to explain why I intended reaching a different outcome to the investigator. Miss P reiterated that while she did enter a PIN for setting up Apple Pay (albeit she didn’t know that at the time), she didn’t enter a PIN to approve a payment transaction.

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.

I’d like to reassure the parties that although I’ve only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I’ve read and considered everything that’s been provided.

Having done so, I’ve decided not to uphold it for the following reasons:

- In line with the Payment Services Regulations 2017 (PSRs), broadly speaking, Miss P isn’t liable for payments she hasn’t authorised, unless she failed with intent or

gross negligence to comply with the terms of the account or keep her personalised security details safe. And Miss P is liable for payments she's authorised.

- The PSRs explain that authorisation depends on whether the payment transaction was authenticated correctly and whether the consumer consented to it.
- Monzo has provided technical evidence which shows that Miss P's card details were entered on the merchant's website and the payment transaction was approved using a PIN via her Monzo app. Given Miss P's security credentials were used, as far as authentication goes, I'm satisfied that the disputed transaction was authenticated correctly.
- Thinking about consent next, the PSRs state how consent is given. It must be in the form and in accordance with the procedure agreed between the consumer and the payment service provider. In other words, consent is provided when the consumer completes the agreed steps for making a transaction or allows someone else to complete some or all of them.
- Miss P says the caller told her she had to approve the disputed transaction before it could be refunded. In response to my recent email, she confirmed it was her understanding that if she approved the transaction, it would leave her account before being refunded. Miss P reiterated that while the transaction approval screen did come up, she didn't approve it as what the caller had told her didn't make sense.
- I acknowledge Miss P's comments that she didn't approve the payment transaction. But the technical evidence I've seen from Monzo shows that it was approved via her Monzo app. Miss P's previously said that she wasn't asked to (and therefore didn't) download any app on her phone, and Monzo's confirmed that her account wasn't accessed using another device at the time of the payment. Having considered the evidence, even if she was duped into doing so, I'm satisfied that the most likely scenario here is that the transaction was approved by Miss P herself. And in doing so, she gave consent for the payment to be made.
- Even though Miss P might not have completed all the agreed steps to make the transaction (such as entering her card details on the merchant's website), she understood that by approving the transaction a payment would leave her account. So, under the PSRs, the transaction would be treated as being authorised. That means that the starting position is that Miss P would be considered liable for the payment. I recognise that she may not have benefitted from what was purchased, but that's not a consideration for whether the payment was authorised.
- I've gone on to consider Monzo's responsibility to protect customers from financial harm, even where a payment has been authorised by the consumer. I recognise that Miss P lost just over £500. I also acknowledge that the transaction is higher than the usual spending on her account. But I don't consider it *that* unusual such that I think Monzo ought to have paused it and made enquiries. After all, it isn't unusual for customers to make a one-off larger payment from their account. Ultimately, banks have a balance to strike between protecting their customer from fraud and executing a properly authorised transaction within a reasonable period. Considering Monzo's wider responsibilities, I don't think it ought to have regarded this transaction as suspicious or an indication that Miss P might have been at the risk of falling victim to a scam. So, I don't consider it was unreasonable for Monzo to have released the payment.

In summary, I recognise that this will come as a considerable disappointment to Miss P. Not least because the matter has been ongoing for some time and our investigator previously upheld this complaint. But in the circumstances, I'm not persuaded that Monzo can fairly or reasonably be held liable for Miss P's loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 23 March 2023.

Gagandeep Singh
Ombudsman