

The complaint

Mr R complains that Monzo Bank Ltd won't refund three transactions from his account which he says he didn't make or otherwise authorise.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 29 November 2022 three payments were made using the details of the debit card associated with Mr R's Monzo account. The three payments totalled around £150 and all went to the same merchant 'B'.

Later the same day Mr R disputed the transactions with Monzo saying he hadn't made them. Mr R explained that he'd been asleep at a friend's house and when he woke up the phone wasn't next to him. He also said that his phone and Monzo app weren't protected by any passwords or biometrics.

Ultimately Monzo declined to offer a refund. Mr R complained and when Monzo maintained their position the matter was referred to our service. One of our Investigators didn't recommend that the complaint should be upheld. In summary he thought Monzo had acted fairly. Mr R still disagrees and has asked for an Ombudsman to review his complaint.

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 and for similar reasons. The evidence from Monzo shows that the three payments which Mr R denies making were authenticated using the card details. And that this took place without any further additional steps being taken. In essence, this means all that was needed for someone to make these payments would have been the details either printed on the card or obtained from within the Monzo app.

Mr R's testimony is that he fell asleep at a friend's house and that someone else made these payments without his knowledge or authority. He says his phone was in a different part of the house when he woke up. The technical evidence shows that the PIN number was entered into the app to enable Mr R's card details to be displayed five times between 2.51am and 3.01am on the day in question. The three payments were authenticated at 2.55am, 2.58am and 3.04am. Part of our Investigator's reasoning for rejecting the complaint was that Mr R said he hadn't written down or shared his PIN with anyone.

However, on a call to our service, Mr R said that his card was with his phone at the relevant time. And the card likely displays all the information required for authentication of the

disputed payments. So, I believe there is at least a potential point of compromise for the card details, without a third party needing to have knowledge of Mr R's PIN.

But as I've mentioned above, this doesn't change my mind as to the overall outcome of this complaint. Broadly speaking there are only two possible ways in which Mr R's card details could have been known by a third party. Either his physical card was compromised and that is where they obtained the details, or the PIN was entered, and the details were displayed in the app on his phone. If the card was the point of compromise, then the activity on the app (entering of the PIN and display of the card details) doesn't make any sense. The third party would have already had all they needed to make the payments and Mr R's testimony is that it wasn't him who did this as he was asleep at the time. Based on this, I think it's most likely that the point of compromise for Mr R's card details was from within the app, rather than the physical card. And there isn't a plausible explanation for how someone other than Mr R knew the PIN that was required to display the card details.

Monzo also pointed out that shortly before the disputed payments, Mr R's account had a low balance. And in the minutes prior to the disputed payments, there were three incoming payments of broadly equivalent amounts. Monzo say these came from another account in Mr R's name and the statements I've seen support this being the case. This is a common pattern of non-disputed usage of Mr R's account. It would frequently be credited with an equivalent amount shortly before an outgoing payment was made.

Monzo asked Mr R whether there was any activity (other than the three payments he'd disputed) that he didn't recognise. Mr R didn't report not recognising the incoming payments. Although I acknowledge that when our Investigator pointed this out, he said the other bank account's app wasn't protected and so a third party must have made those transfers too. I'm more persuaded by the answers Mr R gave to Monzo at the time. I think it's most likely that had he not recognised the incoming payments he would have reported this at the time, particularly when being specifically asked about other account activity.

The chat evidence between Mr R and Monzo shows that he'd previously alleged an unauthorised payment from his account in 2021. As part of the advice Monzo gave whilst investigating this, they suggested he secure his phone. In November 2021 Mr R advised Monzo that he'd *"fully secured his phone"*. But when reporting the disputed transactions more recently, Mr R again said that he had no security on his phone. The removal of this seems to be an unusual step to take, given his previous experience and the advice he'd received from Monzo.

Taking all the evidence into consideration, I think Monzo concluding that Mr R more than likely authorised the payments he disputes is reasonable. There isn't a plausible point of compromise for the PIN number that enabled the card details to be displayed in the app. There also isn't a convincing explanation as to why the incoming payments weren't also reported as unrecognised at the time.

It follows that I don't think there is a reasonable basis upon which I could direct Monzo to provide a refund. I don't think there is more they ought to have done or that they provided poor service in their handling of this matter such that a compensation award would be appropriate.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 May 2023.

Richard Annandale
Ombudsman