

## The complaint

Miss R has complained that Monzo Bank Ltd didn't do enough to protect her from fraud and hasn't provided her with an acceptable level of compensation.

## What happened

Both sides are familiar with the case, so I'll summarise things in brief.

On 15 May 2022 Miss R opened a current account with Monzo. On 20 May 2022 she noticed some fraudulent activity on her account whereby money was paid in and taken out by an unauthorised third party. Miss R was refunded the lost funds by 23 May 2022.

Monzo partially upheld Miss R's complaint. It didn't accept that a failure in its systems had allowed the initial fraud to happen. Nor did it agree that its internal systems had failed by not detecting the fraud until Miss R reported it.

But Monzo agreed with Miss R that it hadn't acted as promptly as it should've done once the fraud was reported, allowing further fraudulent payments to take place. And that it had taken until July 2022 to remove the money fraudulently paid into her account, during which time Miss R needed to chase for an update. Monzo said that it had been responsible for other delays, provided Miss R with inaccurate information and wrongly charged her an overdraft fee (which it has since refunded).

Monzo also agreed with Miss R that its published information on whether accounts can be accessed by more than one device at the same time and which merchants it blocks payments to was outdated and incorrect.

Monzo said its online chat with Miss R hadn't been of a good standard. It said some of her questions were left unanswered and the tone and empathy displayed by Monzo staff was not of an appropriate level. It also accepted it hadn't fully addressed all Miss R's complaint points in its first response.

Monzo apologised for all its shortcomings and paid Miss R a total of £240.

Miss R brought her complaint to the Financial Ombudsman. She didn't think the level of compensation Monzo had paid was a fair reflection of its failings. Miss R said Monzo should've done more to prevent the fraud from happening. She said she'd been caused '*substantial emotional distress*' and much inconvenience, exacerbated by Monzo's handling of matters once the fraud was reported and in dealing with her complaint.

Our Investigator looked into things independently and didn't uphold the complaint. She thought the £240 paid by Monzo was fair. Miss R didn't agree, so the complaint has been passed to me to decide.

Miss R maintained the £240 wasn't enough. She said Monzo had, in part, facilitated the fraud by allowing more than one device to be logged in to her account at the same time. She also didn't think Monzo had fully addressed all her points of 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 largely the same reasons. I realise this will be very disappointing for Miss R and I'd like to assure her I haven't taken this decision lightly.

In doing so, I've very carefully considered all the evidence provided and I'd like to assure Miss R that if I don't mention a particular point, it's not because I haven't considered it, but I've focussed instead on what I believe to be important to the outcome of this complaint.

I appreciate Miss R's strength of feeling – and I don't underestimate the impact the fraud has had on her. She had the worry of her account being hacked just as she was about to go on holiday, and the situation was then made worse because of Monzo's accepted poor handling of both the fraud claim and Miss R's complaint. These failings by Monzo undoubtedly added to Miss R's distress and caused her a level of inconvenience. So, my review has focused on whether Monzo has done enough to rectify this.

Miss R thinks Monzo should've done more to prevent and identify the fraud. Monzo accepts the transactions were not authorised by Miss R but has explained that it doesn't know exactly how her account details came to be compromised. I've no reason to question Monzo's position here nor do I have any basis to say it did anything wrong.

Miss R was concerned that the fraud was facilitated by Monzo not following its own published fraud prevention measures. Specifically, not being able to log into an account from more than one device at a time and blocking payments to a specific merchant. And if Monzo had followed those measures, Miss R says the fraud could've been prevented.

As Monzo has explained, those published fraud prevention measures were out of date and didn't apply at the time Miss R's account was hacked – and should've been updated on its website. So, Monzo's mistake here was in not updating its published fraud prevention measures – not that it allowed fraud to take place on Miss R's account because it didn't follow them.

Monzo has also said its internal systems didn't flag the transactions as suspicious. There is an expectation Monzo will have fraud prevention measures in place which must balance the needs of its customers whilst protecting them from financial harm. But it's inevitable that those measures won't prevent *all* fraud. Again, I have no basis on which to conclude Monzo did anything wrong here.

Miss R doesn't think Monzo has answered all her points of complaint. I've looked carefully at what she raised and the two complaint responses Monzo provided, and I do think Monzo engaged with Miss R's complaint and has, overall, addressed her points and concerns. Miss R is entitled not to agree or accept the responses Monzo has given, but that doesn't mean Monzo has provided an unreasonable response to her complaint. Miss R's main disagreement is with the level of financial compensation Monzo has paid.

When considering what a business should do to put things right, I look at the direct impact its shortcomings have had on a customer. In Miss R's case, the initial distress and upset was caused by the fraudsters, not Monzo. I accept Monzo's handling once alerted to the fraud exacerbated this, but being the victim of fraud is, in itself, an upsetting experience.

As I've outlined above, I'm not persuaded Monzo facilitated the fraud or could've prevented it. It accepts things went wrong after that point and has explained why. The disputed transactions have been refunded and/or returned, Monzo has apologised for its shortcomings, and paid Miss R £240 for the distress and inconvenience its poor service caused her.

In taking all of this into account, I consider the £240 Monzo has paid to Miss R to be a fair and reasonable level of compensation and in line with what I'd have awarded had Monzo not made an offer.

So, I'm not going to tell Monzo to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've explained, I don't uphold Miss R's complaint in this case.

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

Anna Jackson  
**Ombudsman**