

## **The complaint**

Mr M complains that Monzo Bank Ltd wouldn't refund payments he says he didn't make from his account.

## **What happened**

Mr M says he found out that there was an overdraft balance of just over £1,500 on his account. He says that he didn't apply for this or make payments on 5 February 2020 from his account. He says that he had deleted the Monzo Bank app from his phone and then realised he had lost his card. Mr M says he contacted Monzo Bank when he received an email about the balance.

Monzo Bank said it wouldn't be making any refund. It didn't accept that Mr M had been the victim of fraud. So, it said that he would need to pay this money back.

Our investigator didn't recommend that the complaint be upheld. She said that she didn't think that an opportunistic fraudster could have carried out this activity. The payments in dispute were faster payments and required a log on to the account. Mr M said he had kept his details safe. A way to log in was through a 'magic link' sent to the registered email address for the account. Monzo Bank had Mr M's genuine email address. Mr M had provided information showing that no other device had accessed his email account. So, she didn't see a point of compromise and didn't think that the payments were unauthorised. And so, she also didn't think that Monzo Bank needed to do any further investigation as Mr M wanted.

Mr M didn't agree. He said that he wanted the account that received the funds investigated and to know when the payee was added. Mr M said that this was clearly a fraud case, and this shouldn't be taken lightly. He has been receiving debt collector's letters about the debt. He didn't think that the security applied was strong enough. He said that his device history could have been deleted from his email account and maybe by the third party. Monzo Bank should have a record of every log in and device IP address and location. He believed he was protected against this loss. He is considering legal action if he isn't refunded.

## **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 need to take into account the Payment Services Regulations 2017 in considering this complaint. These say a payment can only be authorised if it was consented to. So, it's not enough for it just to be authenticated, with security details. Where credit is involved, as is the case here on an overdraft, the Consumer Credit Act 1974 applies and it states that a consumer wouldn't be liable for an unauthorised payment *unless* they consented to someone else making it.

So, I've thought about the following areas in looking at this complaint:

- What's the most likely explanation of how these payments were made?
- Did Mr M authorise these payments which might have involved him allowing someone else to use his account?

I won't be able to say *exactly* what happened and I'll be thinking about what *most likely* happened on the disputed issues I consider are relevant to making my decision.

I can see from the information provided by Monzo Bank that an overdraft was set up on the account on 5 February 2020 for £1,500. A number of payments were then made online which took the account balance up to the limit. To set up the overdraft and the payments required Mr M's security information. I'm satisfied that the payments were authenticated, and it is a matter for Monzo Bank to establish the security procedures on the account. I will look at whether I think those could have been compromised here.

Mr M explains that he hadn't been using the account. He paid in £20 when he opened it in December 2019. And he transferred that money out on 2 February 2020. He says that the app was making his phone slow, and he deleted it. He also says that he realised he had lost his card. I don't see a record of him successfully reporting that before he received an email about the overdraft on 13 February 2020. I have seen the information about the access to his account on 5 February 2020.

The issue I need to decide on is whether an unknown third party most likely was responsible for that. It seems to be Mr M's position that this person would have somehow accessed his email account to obtain the 'magic link'. There is no evidence to support that and the screenshot he provided to Monzo Bank only showed devices he recognised. I know he says that other devices could have been deleted. Again, he has nothing to support that and that for example he had any difficulty accessing his email account as a result. He says he received emails about the overdraft, and which led him to contact Monzo Bank.

It has also explained that a card PIN would be needed to set up the overdraft and to make payments. While I know Mr M says he lost his card at around this time there is no explanation of how an unknown third party would have also obtained the PIN. Such a person would have most likely wanted to take as much money as quickly as possible. There was no credit balance in the account and in addition that third party wouldn't know that Mr M would even be eligible for an overdraft and pass Monzo Bank's checks. I can see from the information provided by Monzo Bank that the payments in dispute weren't made until some two hours after the overdraft had been set up. An unknown third party wouldn't know that Mr M had deleted the app and not notice what was going on.

What specific devices and IP addresses were used here, and which are captured by Monzo Bank doesn't assist in explaining whether someone else was able to get access in the first place.

Having taken everything into account I don't think that the most likely explanation is that an unknown third party was able to have free access to Mr M's email account, discover his PIN and apply for an overdraft and make these payments. And just at the time that Mr M says he had deleted the app and also lost his card but not taken any immediate action about that. So, I'm afraid that I think it was reasonable for Monzo Bank to hold Mr M responsible for these payments and the resultant debt. I know he'll be disappointed when I say that I won't be asking it to do anything more. If Mr M doesn't accept my decision he remains free to pursue this in court subject to any relevant time limits.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 September 2023.

Michael Crewe  
**Ombudsman**