

## **The complaint**

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

## **What happened**

Mr H disputes over 200 online card payments from his account that come to more than £17,000. He says that Monzo Bank didn't investigate what happened and instead blocked his account. He has been suffering from a medical condition and this loss has caused him and his family financial hardship.

Monzo Bank said it wouldn't be refunding this money. It said that it had complied with its regulatory obligations in investigating what happened and dealing with Mr H's dispute. Monzo Bank said that based on the information it had and the time over which the transactions happened it wasn't possible for these payments to have been unauthorised. It said that the time to give a response was the result of the review by its specialists. The payments in dispute dated back to September 2021 and Mr H had originally reported 46 of them in August 2022. Monzo Bank said that as Mr H told it someone else was in possession of his card and device it was 'surprised' no further information about this was given in his dispute report. It maintained its position when he'd provided the schedule of further payments. Monzo Bank said it appreciated what he said about his health condition but didn't think this affected how the payments were made. It offered to pay him £25 for not responding to an email of 8 September 2022. And it said that it had since raised a data subject access request (DSAR).

Our investigator didn't recommend that Monzo Bank do anything further. He said that Mr H had confirmed to this service that no one had access to his PIN and the device he used the app on was password protected. Our investigator had seen that those payments involving strong customer authorisation needed the PIN to be entered into the app. There were general banking transactions over the period which Mr H didn't dispute, and he'd frequently logged into his account. Mr H had transferred money into the account at times just before the disputed payments. Our investigator thought it was likely that Mr H would have seen these payments if unauthorised sooner and reported them. It was more likely than not that he authorised them. Monzo Bank closed his account in line with its terms and conditions. He said that if Mr H was unhappy with a response to the DSAR he would need to pursue that as a complaint with Monzo Bank first.

Mr H didn't agree and wanted his complaint to be reviewed. He said he had provided detail about the relevant regulations and practice codes. And he had taken legal advice and reserved the right to pursue things further. He didn't believe all the evidence he had provided had been evaluated and that Monzo Bank considered his complaint in a timely manner. It wasn't enough to say that his security information was used here. He wanted to know what Monzo Bank had recorded. He didn't think that it had shown he had authorised the payments or that he had been grossly negligent with his details. It hadn't done enough to highlight the volume of these payments as suspicious. He provided some publicly available information about Monzo Bank freezing accounts and not providing transaction details after account closure. He emphasised the impact of what happened and said he required a refund and

compensation.

### **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 state that a payment can only be authorised if it was consented to. So, it's not enough for it to be authenticated, say with card and security details. And if they weren't authorised Mr H wouldn't generally be responsible for them.

So, I will be thinking about the following areas in looking at this complaint:

- What is the most likely explanation of how these payments were made?
- Did Mr H authorise the payments on the account?
- Did Monzo Bank act reasonably?

I won't be able to say *exactly* what happened and I'll be thinking about what is *most likely* taking into account everything that has been said relating to the specifics of this complaint only. This service provides informal dispute resolution and isn't a court and so if Mr H doesn't agree with my decision he remains free to pursue this in court subject to any relevant time limits.

I'm satisfied based on the information Monzo Bank has provided that these payments were authenticated with Mr H's card and security details. As our investigator says at times stronger verification was required in the app. These were it seems gambling payments to differing merchants or at least differently branded merchant names. There was no other device registered with the banking app, so all additional verification came through Mr H's device.

The issue here is whether Mr H consented to the payments and authorised them. It isn't impossible as he says for someone to discover his card details. I note that these payments started in September 2021 soon after the first credit to the account. As our investigator has said the payments were only possible due to the transfers into the account over time and which Mr H hasn't disputed. There was also genuine use of the account for payments out. And there were log ins to the account using the app. Mr H hasn't provided any credible way in which an unknown third party would have been able to make all these payments. And such a person risked detection and would have likely taken as much money as soon as possible while in large part the payments here were individually relatively small to the overall claim of loss.

Given the volume of payments I don't necessarily place weight on Monzo Bank saying that Mr H initially reported only 46 of them. However, I do think in light of the scale and period over which these happened he'd have been reasonably expected to notice and report them earlier. I appreciate he's provided information about an ongoing health condition and then about the impact of this loss for him on his mental health. I'm sorry to hear about that. Having considered things carefully I don't see he's explained how this would have affected the access to the account. I can see it might have delayed him reporting things for a period, but I don't see that would be for the time here as he was using the account generally and making transfers.

It was a matter for Monzo Bank to decide how to investigate the dispute. Mr H was able to refer things to us and contacted us before it had issued a response to his complaint. I need to say that complaint handling isn't a separate regulated activity. Monzo Bank clearly took the view that in light of the number of disputed payments it would freeze the account. In my

assessment that seemed to protect the account from further payments. And it could decide under its terms and conditions to close the account in these circumstances.

Having balanced all the information and as Mr H has referred to considered the overall context for him I'm afraid I'm not persuaded that these payments were made without his consent and authority. And that being the case I don't need to think about whether he was grossly negligent with his security information. In addition, the question of whether Monzo Bank should have done more to highlight the payments is less relevant in these circumstances. As I've said there was an established unchallenged pattern of individual payments over a period of time and visible through the app.

Monzo Bank has offered Mr H £25 compensation for not responding to a letter and this remains open to him, and I think is fair. I'm afraid I won't be requiring it to do anything more than this. I know Mr H will be very disappointed that I think it is reasonable for Monzo Bank to hold him responsible for these payments especially given what he says about his personal circumstances.

### **My final decision**

Monzo Bank has offered to pay Mr H £25 to settle his complaint which I think is reasonable in the circumstances. My decision is that Monzo Bank Ltd pay Mr H £25 as it has already offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 August 2023.

Michael Crewe  
**Ombudsman**