

The complaint

Mr F complained that Monzo Bank Limited:

- blocked his card after he reported fraudulent transactions on his account; and
- tried to charge him £50 for a new metal card.

What happened

On 23 November 2022, Mr F contacted Monzo by chat. He disputed several £7.99 transactions, saying the recipient company wouldn't reply to him.

Monzo replied that the transactions looked like a subscription. Mr F said that he had an account with the recipient company, but it was free. Monzo replied:

"I've blocked your card for you now, which should stop any more money being taken from it. You can still send and receive bank transfers while your card's blocked, but you won't be able to make card transactions.... We can temporarily unblock your card if you need to make an urgent card payment or withdraw cash from an ATM. And we can permanently unblock it if you realise that you recognise the payment. The next step for us here would be for you to follow the link I'm sending you below." The message continued with a link to how to report the disputed transactions.

Mr F replied: *"I do not want my card stopped. I didn't ask you to do that. I shall try [merchant name] again and then look for a new bank. One that listens."*

Monzo replied: *"If a payment is reported as fraudulent/ unrecognised we need to block the card in order to prevent further payments from being taken."* Mr F replied: *"You didn't explain that BEFORE you took the actions. Log a complaint on my account please."* He also said *"Unblock my card which you had no right to do without asking me first."*

At 21:30 Monzo continued in chat to Mr F: *"If you lose your Monzo metal card or it gets stolen then we charge £50 to replace it, as per our Monzo Premium Ts&Cs. That's how much it costs us to get your Monzo Premium card made. If you'd prefer, you can choose to order a standard hot coral card replacement instead. You'd still have access to all the Monzo Premium features."*

Mr F didn't agree, saying that Monzo had blocked his card, and he hadn't lost it. So he said he shouldn't have to pay. Chat messages continued, and at 22:37 Monzo said that blocking a card wasn't optional once a fraud or unrecognised transaction had been reported. But it apologised for having advised him about card replacements after card loss or theft. It said it could look into replacing Mr F's card with another metal one, but only after he'd reported the disputed transactions to the fraud team, and they'd investigated. It said he could then get back in touch and Monzo would then look at his card replacement options.

Monzo ordered Mr F's new metal card two days later on 25 November, free of charge. It also refunded the disputed transactions.

On 28 November, Monzo issued its final response to Mr F's complaint. It said:

- in regard to the blocked card, as a regulated bank it needed to do everything it could to make sure customers' accounts were kept secure, particularly when a customer reports unrecognised transactions. So Monzo said it was best to keep a card blocked while it investigated, to cut out the chance of any more money being taken. It said that if Mr F reported any future unrecognised transactions, it would need to block his card. It said it could unblock a card temporarily if a customer wanted to make a payment or withdraw cash, but couldn't unblock a card permanently until it was sure the account was secure;
- in regard to the fee for a replacement card, the £50 replacement fee was set out in the Premium Terms and Conditions, which Mr F had accepted when he'd signed up to Monzo Premium. It said it had reviewed the in-app chat, and colleagues had given the correct information. While Monzo was still investigating, it would have to charge the £50 fee or could have sent out a Hot Coral card. Monzo confirmed that it had ordered a free new metal card for Mr F, and if he needed to use his current frozen card in the meantime, Monzo could temporarily unblock it while Mr F made the transactions he wanted to.

Mr F wasn't satisfied and contacted this service. He said Monzo put a block on his card without telling him or getting his consent. He said he paid £15 a month to have an account package that included a metal card, so he'd already paid for having this. The terms and conditions only said there would be a charge if the customer's card was lost or stolen. Mr F still had his card, and the terms and conditions didn't say that an innocent party to fraud on the card should have to pay for it.

Mr F said he wanted an apology and £100 compensation for the fight he'd had, as it wasn't in Monzo's terms and conditions they it could charge the fee in these circumstances. He'd been without a card for his current account for two weeks while he fought to not be charged £50. He said that if Monzo wasn't going to replace the card free when it hadn't been lost or stolen, he wanted a refund of all the money he'd paid for his premium account, and also the terms and conditions needed updating to show all replacement cards incurred this fee.

Our investigator didn't uphold Mr F's complaint. He said we'd expect a bank to block a card as a precaution when fraudulent transactions are reported, because this would ensure no further fraudulent transactions could be debited. The investigator also noted that Mr C had said he'd been inconvenienced for two weeks until his new metal card arrived. But the investigator had looked at Mr C's statements, which showed payments from 24 November and multiple payments afterwards. So he was satisfied that Mr F could still access the funds in his account. And Monzo had sent Mr F a new metal card free. So Monzo didn't have to pay Mr M compensation.

Mr F didn't agree and asked for an ombudsman's decision.

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.

Blocking Mr F's card

Mr F told Monzo repeatedly that it had no right to block his card without asking him first. But banks have responsibilities to keep their customers' money safe, and blocking a card on

which a customer has reported fraudulent or unrecognised transactions is a clear and obvious way in which to help keep a customer's money safe. Monzo didn't have to ask Mr F's permission before doing so.

The general terms and conditions of Monzo's accounts, to which Mr F would have signed up when he opened the account, say *"If you lose your card or see transactions in the app that look wrong, you must freeze your card and tell us as soon as possible."* Mr F hadn't frozen his card himself, and Monzo was entitled to do so when Mr F disputed transactions, in order to keep Mr F's money safe. I also can't see why a customer wouldn't want their money protected by blocking other potential fraudulent transactions.

So I find that Monzo didn't do anything wrong by blocking Mr F's card when he disputed transactions on it.

Replacement card

Monzo's Premium terms and conditions say:

"We'll never charge you for replacements where your card expires, is faulty, or has been swallowed by an ATM.

If you lose your Monzo metal card or it gets stolen, then we'll charge you £50 to replace it. That's how much it costs us to get your Monzo Premium card made."

I understand Mr F's point that the terms and conditions don't specifically state that there will be a charge for replacing a card which hasn't been lost or stolen, but has been compromised by a fraudulent transaction. His card hadn't been lost or stolen. This service doesn't have the power to order a bank to change its processes, because that's the role of the regulator, the Financial Conduct Authority (FCA). So it's not open to me to order Monzo to change its terms and conditions specifically to cover what happens when a customer reports that the card has been compromised but not lost or stolen.

But in practice Mr F wasn't charged by Monzo. The chat messages show that although Monzo indicated it would charge Mr F at 21.30 on 23 November, it amended this just over an hour later at 22.37 the same day, saying it would be reviewed after the dispute had been investigated.

So although the chat messages show that Mr F was angry, I find that his request for £100 compensation isn't proportionate or reasonable for the hour during which it looked as if he might have to pay for a replacement metal card, or have a free plastic one instead.

Mr F also said he'd been inconvenienced for two weeks until his new metal card arrived. But the records show that Monzo ordered his new metal card within two days of Mr F disputing the transactions, which I find was reasonable, and Monzo isn't responsible for any postal delays. In addition, Monzo's chat had made it clear that if Mr F wanted to make transactions in the meantime, he could contact Monzo and the block on the frozen card would be temporarily removed while he made the transactions. So it provided him with an alternative way of accessing his funds.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 July 2023.

Belinda Knight
Ombudsman