

The complaint

Mr Q has complained Monzo Bank Ltd won't refund three disputed transactions carried out with his Monzo card.

What happened

In August 2022 when Mr Q was out with friends and family at a barbecue in the park, he lost his iPhone. He later contacted Monzo as he noticed there'd been three transactions using his Monzo card which he'd not made. He also believed these were out of character for his account use.

Monzo investigated what had happened. They accepted Mr Q may have lost one of his mobile phones but didn't believe the evidence showed he'd not authorised the transactions. They told Mr Q they wouldn't refund him and closed his account.

Unhappy, Mr Q brought his complaint to the ombudsman service. Our investigator reviewed the evidence and felt this showed that Mr Q hadn't authorised the transactions. He asked Monzo to refund £2,011.97 to Mr Q.

Monzo disagreed with this outcome and have asked an ombudsman to consider Mr Q's complaint.

I completed a provisional decision on 24 July 2023. I explained to both parties I wasn't going to uphold this complaint and why.

Both Mr Q and Monzo responded promptly. Monzo accepted this outcome. Mr Q disagreed.

Mr Q made a number of points:

- The £2,000 payment was received weeks before the disputed transactions;
- He was at a barbecue in the park so wasn't aware where his phone was;
- His PIN was eminently guessable; and
- Monzo should have identified these transactions as dodgy.

I now have all I need to complete my final 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.

Having done so, I've reached the same outcome as in my provisional decision. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of

probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr Q's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. Other factors do apply but nothing else specific in Mr Q's case.

So to help me decide what happened, I've looked at the evidence of the transactions, as well as what Monzo Bank and Mr Q have told us.

Mr Q has disputed three online card transactions of £1,474.99, £424.99 and £111.99 made on 11 August 2022 early in the evening. These were made using Mr Q's iPhone which he believes he lost in the park that evening.

However I believe it's more than likely Mr Q authorised these transactions. I say this for the following reasons:

- The IP address used for the disputed transactions is very similar to other IP addresses accessed by Mr Q using his iPhone and his Monzo app previously.
- Mr Q's iPhone was passcode-protected. He insists this code wasn't known by anybody else. Mr Q's passcode is four random numbers so there's a 1 in 10,000 chance of a third party guessing this right. I appreciate that someone close to Mr Q may well have known his passcode.
- Mr Q was out with family and friends until about 10pm that evening. The transactions were undertaken between 7-8pm. It's very unlikely someone known to him would have been able to use his iPhone right then without Mr Q being aware. I also don't believe an unknown third party would have been able to pinch Mr Q's phone without someone noticing.
- Monzo has been able to provide us evidence of Mr Q's account history. This showed a £2,000 payment Mr Q had received a few weeks before. This money was given to him by a third party who'd also held an account with Monzo. This third party's own account with Monzo was subsequently closed. The evidence Monzo has provided to us suggests there is a similarity between that case and Mr Q's fraud claim.

Mr Q has wondered how Monzo could reject his fraud claim despite them paying out on an insurance claim for his lost phone. I agree this is inconsistent, but I don't think it is convincing evidence on its own.

Mr Q has now confirmed the PIN on his card could be easily guessed. That may well be the case (based on what he has newly told us) but I'm not sure this is what happened. This information was all held on this phone. The passcode for his phone he told us were random numbers. So I'm still not sure how the Monzo app could be accessed.

What I do find convincing is the IP address used being identical to one Mr Q regularly used. An unknown third party wouldn't be accessing Mr Q's app at the time these transactions were being made in the same place Mr Q normally used. This IP address and timing of app access also suggests that Mr Q may well not have been in the park in quite the way he's

described.

I appreciate it is quite possible to lose a phone whilst playing in the park but I don't believe that's what happened here. The similarity between the frauds as described to us by Monzo is more convincing.

I think it's more than likely – as the evidence shows – Mr Q authorised the transactions. On that basis I won't be asking Monzo Bank to do anything further.

My final decision

For the reasons I've given, my final decision is not to uphold Mr Q's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 30 August 2023.

Sandra Quinn
Ombudsman