

The complaint

Mr S complains that Monzo Bank Ltd (“Monzo”) won’t refund transactions on his current account that he didn’t make or otherwise authorise.

What happened

At the start of January 2023, Mr S contacted Monzo and disputed all the transactions to a gambling site which were made using his Monzo debit card on 30 and 31 December 2022. 14 transactions totalling approximately £1,300 were made over the two-day period.

Mr S said he didn’t make any of them. He told Monzo he’d been taken ill around that time and needed to go to hospital, and someone had taken his phone, card and wallet and made the transactions without his knowledge. Mr S had shared the PIN for his phone – the same PIN he used to access the Monzo app – with an individual so they could notify his family of his whereabouts. He suspects this individual made the disputed transactions.

Monzo investigated Mr S’s claim and declined to refund the transactions – it considered that he’d likely authorised the disputed transactions. But it accepted there were service issues and paid £70 compensation in recognition of this.

Our investigator didn’t uphold Mr S’s complaint. In summary, they concluded that Mr S had failed with gross negligence in complying with the terms and conditions of the account and keeping his personalised security details safe. They also noted there were discrepancies in his testimony. The investigator also thought the amount of compensation Monzo had paid Mr S was a fair reflection of the impact of its errors on him.

Mr S didn’t agree, and the matter was passed to me to decide. I issued my provisional decision in June 2023. I said that I intended reaching the same overall conclusion as the investigator but for different reasons.

I invited further comments from both parties. Monzo replied and said it didn’t have anything further to add. Mr S asked for additional time to respond, and I agreed to extend the deadline after considering his reasons for the request. The deadline has since passed but we haven’t heard from Mr S. I’m satisfied it’s now appropriate for me to progress matters. So, what follows is my provisional decision made final.

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’d like to reassure both parties that although I’ve only given an overview of what happened, I’ve read and considered everything we’ve been provided in its entirety.

When considering what’s fair and reasonable, I’m required to take into account relevant law and regulations; the regulator’s rules, guidance and standards; the codes of practice; and, where relevant, what I consider good industry practice at the relevant time.

Where there's a dispute about what happened, and the evidence is incomplete or contradictory, I must make my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence.

Generally, Monzo can hold Mr S liable for the disputed transactions if the evidence suggests it's more likely than not that he made or authorised the transactions himself.

In this case, it's not in dispute that Mr S's personalised credentials were used to make the disputed transactions. The technical data Monzo has provided shows that his card details (card number and CVV code) were used, and the transactions were approved through the Monzo app on his phone. So, the payment transactions were authenticated correctly.

But the regulations relevant to this case say that authentication isn't, on its own, enough for Monzo to hold him liable. I also need to think about whether the evidence suggests that Mr S, or someone acting with his authority, consented to the transactions being made.

To decide whether Mr S – or someone acting with his authority – made the transactions, I've carefully considered what he's told us about what happened. And I've considered that in conjunction with a review of the available evidence.

Mr S has said he needed to go to the hospital around the relevant period and at the time he shared his phone's PIN with someone who was assisting him. Because the PIN used to access the Monzo app on his phone was the same as his phone's PIN, he believes that is how the individual (who had taken possession of his phone, wallet and card) was able to access the Monzo app to approve the transactions they made.

The transaction audit trail I've seen shows that on 30 December, there were a number of transactions in between the ones to the gambling site. These include a faster payment, an ATM withdrawal, an online payment approved through the Monzo app, as well as a Chip and Pin-authenticated card payment. The faster payment went to an individual Mr S has made payments to frequently. And the merchants involved in the card payments have also been paid before and since the relevant period on an ad-hoc basis, meaning they don't appear to be recurring transactions.

At the time of investigating the claim, Monzo asked Mr S if there were transactions apart from the ones to the gambling site that he didn't recognise, and he said there weren't any. In his complaint submission to our service earlier this year, Mr S sent a screenshot of his statement for the relevant period and the transactions I've mentioned were redacted. Based on the above, I'm satisfied that these transactions were made by Mr S. And as these transactions were authorised *between* the disputed ones to the gambling site, I'm not persuaded that Mr S's card and his phone – which was used for some of the payments – were not in his possession as he recalls.

What's more, on 30 December, in between the disputed and authorised transactions, Monzo also received a PIN recovery request from Mr S. This required him to complete a video verification in addition to submitting his ID document. Not only did this process require Mr S to have log on to his Monzo app on his phone, but he was also required to upload a short self-recorded video of himself. The information I've seen shows that the app was accessed on his phone, it was from the usual IP address, and a self-recorded video was uploaded.

Given my observations, I think it's more likely than not that Mr S's phone and his card were in his possession at the time of the disputed transactions. And it seems more likely that these were made by Mr S or someone with this authority. That means I don't consider Monzo has been unreasonable in holding him liable.

Mr S submits that the gambling site told him it doesn't have an account in his name. I understand that the parent company operates under several brands. So, there's a possibility that an account in Mr S's name exists under a different brand. But even if that isn't the case, my consideration here is whether I think it's more likely than not that the payments were authorised by Mr S, not whether the funds were loaded on to an account in his name. Mr S also claims that he's been advised by the gambling site that his bank presented a chargeback, and that it was successful. But Monzo has provided evidence to show that no chargebacks were raised in connection to the payments. I won't be able to comment any further on why Mr S was told otherwise by the third party. But I'm satisfied Monzo didn't present a chargeback.

I've also considered Mr S's concerns about the poor customer service he received from Monzo. Given the serious nature of Mr S's claim – fraud had been committed – it is understandable why Monzo needed time to investigate his concerns. But it has already acknowledged that Mr S waited far longer than it would have liked to report the matter initially. It has also accepted that one of the agents spoke to Mr S in a manner that fell below its standards. To recognise these mistakes, Monzo has paid £70 compensation. I know Mr S feels very strongly about Monzo's service failures. But looking at the circumstances of this complaint, I find the compensation amount that Monzo has paid in recognition of its errors is fair. So, I don't plan on asking it to increase it.

In summary, I recognise that Mr S will likely be disappointed with this outcome. But as I can't safely conclude that Monzo has been unreasonable in holding him liable for the disputed transactions, and I find that it's already offered fair compensation for the service issues, I won't be requiring it to take any further action.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 September 2023.

Gagandeep Singh
Ombudsman