

## **The complaint**

Mrs T has complained Monzo Bank Ltd won't refund payments from her account she didn't authorise.

## **What happened**

In February 2023 Mrs T contacted Monzo as four payments had been made from her account which she didn't recognise. These totalled £1,726.

Monzo reviewed what had happened. They initially considered whether Mrs T was the victim of a scam, but Mrs T denied this. Monzo believed their technical evidence indicated Mrs T must have made the transactions herself. Particularly as there had been three payments into the Monzo account from Mrs T's own account at another institution (who I'll call S). They wouldn't agree to refund her. They also closed her account because of the risk they believed she presented.

Unhappy, Mrs T brought her complaint to the ombudsman service. Our investigator considered Monzo's technical evidence outweighed Mrs T's testimony that she'd not authorised these transactions.

Mrs T has asked an ombudsman to review her complaint.

I completed a provisional decision on 8 December 2023. Based on further evidence provided by S, I believed Monzo should refund Mrs T. I also asked them to pay her £100 in compensation.

Mrs T accepted this outcome. I heard nothing further from Monzo.

I now have all I need to complete a 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 come to a different conclusion to our investigator. 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 Mrs T'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.

To help me come to a decision, I've reviewed the evidence Monzo provided as well as what Mrs T has told us. I've also been in touch with S and asked to review their evidence around what happened in February 2023.

I believe these transactions were carried out by a third party and not Mrs T. I say this because S's evidence indicates that Mrs T's mobile device – which was used to authorise three payments from S to Monzo and four payments from Monzo to a cryptocurrency platform – was subject to a malware attack. I'm satisfied this evidence represents what happened as all parties' evidence confirms that Mrs T used one device to access her accounts with Monzo and S.

I'm aware Monzo was concerned about Mrs T being the victim of a scam: *"Our initial thoughts were that the customer may have been scammed"*. It's certainly true that the nature of the four transactions – conducted early in the morning and by a merchant registered overseas – bear all the hallmarks of fraud. On top of that, two attempted payments to the same merchant weren't authorised. Mrs T's Monzo account had two payments credited from a source – which she confirmed to Monzo was unknown – so I'm concerned that Monzo didn't look more closely at what was going on here. Instead once Mrs T had denied she'd been the victim of a scam, they concluded she must have authorised the transactions.

I could argue it's disappointing Monzo chose to believe what their technical evidence was telling them over and above Mrs T's testimony and her record as a customer, but this wouldn't be an unusual stance for a financial institution to take. Their view was that Mrs T was lying to them and decided to close her account based on their risk assessment.

### **Putting things right**

I can well imagine Mrs T was hurt and upset by Monzo's approach to close her account. As well as asking them to refund the payments she didn't authorise, I will be asking them to pay her £100 in compensation.

I note the money used to fund the payments totalling £1,726 came from Mrs T's account with S and two payments of £333 and £250 from a third-party account with the initials PNB. I very much doubt this money originally belonged to Mrs T and most likely came from a third party involved in the fraud.

I'm also aware that money was paid into Mrs T's account with S by an unknown third-party. These were three payments of £200, £210 and £219 which helped to enable the payments of £500, £450 and £190 being made to Monzo.

I'm aware S received a claim from the person who'd been defrauded for the return of these credits. S has confirmed they debited £108.94 from Mrs T's account to repay this indemnity claim. As this was a direct loss to Mrs T, I'm going to ask Monzo to repay that amount as well. I suggested I would do this in my provisional decision.

It would be inappropriate for Mrs T to receive more funds back than the money she actually lost. On that basis I will be asking Monzo to reimburse £514 and £108.94 to Mrs T, along with 8% simple interest.

### **My final decision**

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- Refund £514 to Mrs T for transactions she didn't authorise;

- Pay her £108.94 for the amount she additionally lost from her account with S;
- Add 8% simple interest to this for the period from 2 February 2023 to the date of settlement; and
- Pay £100 to Mrs T for the upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 6 February 2024.

Sandra Quinn  
**Ombudsman**