

The complaint

Mr T has complained that Monzo Bank Ltd won't refund transactions he says he didn't make or otherwise authorise.

Mr T is also unhappy Monzo closed his account.

What happened

Mr T had a current account with Monzo.

Mr T is unhappy Monzo have not refunded him for two transfers made from his account on 14 and 15 April 2023 for a total amount of £850. Mr T says he never made the transfers, and they were carried out without his knowledge and consent.

On 14 April 2023, a transfer of £500 was made from Mr T's account to an individual I will refer to as Ms P. The following day £350 was sent from Mr T's account to an individual I will refer to as Mr G. Both transactions were carried out using Mr T's mobile phone.

Mr T says he does not know Ms P. But has said he and Mr G have a mutual friend in common who was an old work colleague. Mr T has explained that following the £350 payment being made from his account he received a message via Facebook from Mr G who told him that he had been caught up in a scam and he'd noticed that he had received £350 from Mr T.

Mr G told Mr T that scammers had asked him to pay money to release funds that he'd sent them. He told Mr T that he'd sent the money he'd received from Mr T onto them, and that he believed it had been sent somewhere in Jamaica. Mr G said he'd reported everything to his bank and that they were now looking into things. So, he couldn't send back the money.

Following this, Mr T received a security notification from Facebook alerting him that someone was trying to access his Facebook account from Jamaica. Mr T responded and said that it wasn't him.

Mr T says he didn't make any of the transactions. He says he doesn't know how Ms P and Mr G had fallen victim to some sort of scam via Facebook. And thinks he was caught up in the scam too. Mr T says that no one had access to his mobile phone which he uses to access his Monzo bank account. He has explained that he hasn't shared his bank PIN with anyone else, and that his mobile phone has fingerprint and face recognition security in place. So, Mr T believes his Facebook and email accounts, must have been hacked and someone unknown carried out the transactions.

On 15 April 2023, Mr T reported the transactions as fraudulent to Monzo. He told Monzo that he did not authorise the payments and was not scammed into authorising them. He said they were made without his knowledge or permission, and he only found out about them after the fact. He said the amount taken from his account amounted to half his monthly wage and had taken him further into his overdraft.

Monzo held Mr T liable for the payments in dispute. Monzo also decided to close Mr T's account and gave him two months' notice to make alternative banking arrangements. In summary it said:

- Technical evidence confirms the disputed transactions were made online.
- They were authenticated by push notifications being sent to Mr T's registered phone number, which redirected the screen to the banking app. There was an 'Approve transaction' option and once this was selected, a PIN was entered.
- The disputed transactions were authorised by a trusted device on Mr T's account.
- Mr T had not mentioned his mobile phone, online banking credentials or PIN being compromised. Mr T told Monzo the device used to verify the disputed transactions was in his possession and no one else was around to access his phone when they were carried out.
- The device that was active in the app at the time and the IP address matches previous undisputed transactions.
- There's nothing to suggest the registered mobile number was changed. So, the push notifications were sent to Mr T's mobile number, and his trusted device was used.
- There's nothing to suggest that Mr T's device was remotely accessed.
- Mr T maintained he did not download anything and there was no scam involved.
- Mr T's account had been closed in line with the terms and conditions of the accounts.

Unhappy with this response Mr T referred his complaint to our service.

One of our investigator's looked into things but didn't think Monzo needed to do anything more. The investigator said they hadn't seen any evidence that the transactions were carried out by a third party. They were satisfied from the technical evidence that the disputed transactions were authenticated by push notifications being sent to Mr T's mobile phone. They couldn't see how someone else could have accessed this device. The investigator also said that Monzo hadn't treated Mr T unfairly when it closed his account. So, they didn't uphold the complaint.

Mr T disagreed, saying he had not been involved. He maintained that he hadn't carried out the transactions, and his money had been stolen. He wants Monzo to refund him the money.

As no agreement could be reached the matter has come to me to decide.

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.

Monzo can hold Mr T liable for the payments in dispute if the evidence suggests that he authorised them. The relevant law here is the Payment Services Regulations 2017, and broadly speaking Mr T is responsible for any payments that he has authorised (either by making them himself or allowing someone else to) and he isn't responsible for unauthorised

payments. Essentially if Mr T made the disputed transactions himself or authorised them to be made on his behalf, it would not be fair to ask Monzo to refund them.

Throughout Mr T's complaint he has maintained that he was in possession of his phone, which was the registered device for his account, when the disputed transactions were carried out. Mr T has also consistently told this service that he has not divulged his PIN or security banking credentials to anyone else. And that he knows nothing about the disputed transactions. Mr T strongly believes that his Facebook and email accounts were hacked, and his money was stolen by fraudsters.

The question, then, is whether the evidence suggests that it's most likely Mr T consented to the transactions or not.

Monzo has provided evidence which shows the transactions were made using Mr T's only registered device and were authorised in his Monzo app. Mr T's evidence is that he is the only person who has access to his device, and he has never shared any of his security information with anyone else and doesn't have it written down anywhere. He has said that his phone is protected with Face ID and passcode. And his Monzo app would've also been protected with a passcode or biometrics. Mr T has also maintained that he hasn't received any suspicious phone calls, texts or emails and he hasn't downloaded any suspicious apps.

Mr T has said he believes his Facebook account and emails may have been hacked. He has provided a screenshot which shows Facebook contacted him to check whether he had logged into his account from Jamaica. I agree that this is suspicious and significant given what Mr G told Mr T about the scammer's potential links to Jamaica. But Mr T hasn't provided any evidence as to how someone was able to access his phone and Monzo app to complete the disputed payments which is what was used to make the payments – not Facebook.

In order to authorise the disputed payments, as part of its 3D security system Monzo sent push notifications to Mr T's mobile number – the same number he gave our service. They were not sent anywhere else. Those notifications redirected the device to Mr T's banking app which then required the user to approve the disputed payments. Mr T was in possession of his phone. So, there doesn't seem to be a likely or plausible way that someone could've been aware of the push notifications and been aware of Mr T's security credentials without Mr T's consent. I've also kept in mind that Mr T has told us that his phone requires facial ID to be unlocked. So, again, it does suggest that he either made the payments or gave someone else permission to make them.

According to Monzo's technical evidence, no remote access software or virtual networks were used to access Mr T's online banking, and I've not found any evidence of hacking or of the security being bypassed. As far as I can see, the person using Mr T's account accessed it in the normal way using his security details. And based on what he's told us, it's not clear how anyone other than Mr T would've known his security details.

I haven't seen any evidence which shows that a third party would've been able to carry out these transactions without Mr T providing his authority. I've also kept in mind that the same IP address was used to carry out the disputed transactions that was used to make undisputed transactions both before and after the disputed transactions. And on 15 April 2023, Mr T sent an ID verification selfie at 5.23pm proving his device was still in his possession.

From looking at Mr T's account statements and online line activity I can see that just under a minute after the payment to Ms P was made, a transfer of £5.00 to Mr T's Monzo pot was completed. It's not clear to me why an unknown fraudster would do this – as there would be

no benefit to them. Mr T hasn't disputed this transaction either. So, I think it would have been likely that when Mr T carried out this transaction, he would have noticed that a payment of £500, which reduced his balance significantly. So, I would have expected Mr T to have alerted Monzo. But he didn't do so until after the payment to Mr G had been made the following day.

So, when I weigh everything up, I'm satisfied from Monzo's technical evidence that the payments in dispute used Mr T's genuine online banking facility, accessed from the registered device using the correct security details, with no remote access software detected and the same IP address as undisputed transactions and activity. So, I can see that these transactions were properly authenticated. I've not seen any evidence which makes it seem implausible or unlikely that Mr T could've authorised these payments or given someone else permission to make them.

So, while I know this will come as a disappointment to Mr T, and while it is not my intention to disappoint him, I cannot fairly or reasonably tell Monzo to refund these payments on the basis of them being unauthorised.

I say this because the evidence too strongly supports that they were in fact authorised. As has been mentioned before: if Mr T authorised these payments as part of a scam, there may possibly still be routes for getting his money back. But he would need to first divulge that the payments were authorised and give full details on how any scam took place. If Mr T would like us to consider a complaint about being scammed into authorising the payments – as opposed to the payments being unauthorised – then he can ask our investigator for help setting up a separate case.

I've next gone on to consider whether Monzo acted fairly when it closed Mr T's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Monzo have relied on the terms and conditions to close Mr T's account. These state that Monzo can close an account by providing two months' notice. In certain circumstances it can also close an account immediately. Here, Monzo wrote to Mr T giving him the full notice period that it was closing his account and that he'd need to make alternative banking arrangements. So, I'm satisfied that it's complied with this part.

I've then gone on to consider whether Monzo's reasons for closing the account was fair. In doing so, I appreciate that Monzo is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Monzo should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

After considering all the available evidence and circumstances, I haven't seen any evidence that would lead me to conclude Monzo closed Mr T's account for an improper reason.

There's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its commercial discretion. That in turn means it can choose who it has a customer relationship with. This is a decision that I can't interfere with as it is a commercial business decision. So, it was entitled to close the account as it's already done. And I won't be directing Monzo to reopen Mr T's account.

My final decision

For the reasons I've explained, 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 T to accept or reject my decision before 7 February 2025.

Sharon Kerrison
Ombudsman