

The complaint

Miss H is unhappy that Monzo Bank Ltd won't fully refund payments she didn't make from her business account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving the reasons for my 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 our investigator for these reasons:

- Monzo has accepted the disputed payments weren't authorised by Miss H. That broadly means that Monzo must refund the amount to her, in line with the Payment Services Regulations 2017.
- While it refunded the first disputed payment, it declined to refund the second payment. That's because this payment was facilitated by a transfer from Miss H's account with another bank, which seems to be the result of unauthorised lending. So it submits Miss H's other bank should refund this.
- To support this, it's pointed to provisions in the Consumer Credit Act 1974 about lenders' responsibilities for unauthorised lending. But while this might be a way Miss H could pursue a claim with her other bank, it doesn't preclude Monzo's responsibility for refunding the payment under the PSRs.
- I've reflected on whether this is a fair outcome in the circumstances. Miss H's other bank has confirmed she repaid the loan early, so I'm satisfied she's not been compensated elsewhere. And ultimately, Miss H believes Monzo are responsible and has correspondingly raised her complaint about it. Given the regulations support her complaint, I see no reason to depart from what they say – and overall, I'm satisfied that requiring Monzo to put right her losses in full is fair in the circumstances.
- Of course, should Monzo believe another party is also responsible, it can explore pursuing that. But I don't think that changes the outcome of Miss H's complaint about it.

My final decision

For the reasons I've explained, I uphold Miss H's complaint. Monzo Bank Ltd must:

- Pay Miss H the total of the unauthorised payments, less any amount recovered or

refunded. I understand this to be £5,000.00.

- Pay 8% simple interest per year on this amount, from the date of the unauthorised payment to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 21 March 2024.

Emma Szkolar
Ombudsman