

The complaint

Mr N complains that Monzo Bank Ltd ("Monzo") failed to protect his account and refund transactions he didn't make.

What happened

What Mr N says

Mr N contacted Monzo and advised them that he wanted to report a number of transactions relating to a specific merchant who I'll refer to as A. A are a gambling merchant based online. Mr N initially advised Monzo that he had a relationship with A but hadn't received a proper service for the payments he'd made.

Monzo declined to make any refund and advised Mr N that a Chargeback wouldn't be successful due to the arrangement he had with A. Mr N later added further payments to another merchant I'll refer to as B who were also an online gambling company.

Mr N later told Monzo that the payments were taken fraudulently from his account and A wouldn't refund them. He thought that somehow, his payment details had been used fraudulently. Monzo continued to decline Mr N a refund and advised him they were closing his account.

Mr N later complained to Monzo about the issue and after again reviewing the situation, they offered Mr N £50 for delays in their investigation but wouldn't refund Mr N the disputed transactions.

Unhappy with their response, Mr N brought his complaint to the Financial Ombudsman Service for an independent review.

What Monzo says

Monzo started to look into the matter as a dispute (rather than as a fraudulent investigation) and after reviewing the circumstances advised Mr N that a Chargeback wouldn't be successful and declined to refund the transactions he was disputing. When Mr N said that the payments were the result of fraud, Monzo didn't think there was any evidence of a third party being involved and again declined to refund Mr N. They did accept that there had been delays to their investigation and offered £50 to recognise this drop-in service.

The investigation so far

Mr N's complaint was assigned to an investigator to look into and both parties were asked for information about the complaint.

Mr N said:

- Funds were taken from his account without his permission.
- It was either a scam or a fraud and it could have been someone in his household

who had gained access to his account.

- Mr N later said that he made the deposits, but these should have been prevented.
- Mr N said that he asked Monzo to put a “gambling block” on his account.
- This has affected his mental health.
- He’s had difficulties paying for essentials.

Monzo provided details of the transactions, statements, copies of “chat” records and phone calls held with Mr N. In summary:

- The disputed transactions were made using Mr N's card and were further authenticated using additional (3DS) security steps.
- Mr N's account was used primarily for gambling since being opened.
- Mr N received many thousands of pounds into his account from A & B.
- The statements show the betting was funded either by transfers from other accounts held by Mr N or from winnings he received from gambling merchants (including about £35,000 from A&B)
- There's no record of Mr N asking for help with restricting gambling transactions.
- Mr N was offered assistance with his debts but declined.

After reviewing the evidence, Mr N's complaint wasn't upheld, and the investigator commented that:

- Despite the different versions given by Mr N, the investigator was satisfied the payments were authorised.
- Thousands of pounds were received from the gambling merchants.
- The account was used solely for gambling, with funds being paid into it for gambling and then often paid back to different accounts in Mr N's name or reused for further gambling. This meant that Monzo didn't have a full picture of Mr N's overall finances.
- There was no evidence of a gambling block.
- Mr N refused help when offered this by Monzo and there's little evidence to show that Monzo should have done more.

Mr N disagreed with the investigator's outcome and commented that:

- Monzo were asked to put a gambling block in place.
- Money received from the gambling merchants wasn't winnings. It was explained these were returned funds being paid back into Mr N's account.
- Mr N argued that he'd not received a service from either A or B, which was why he was requesting refunds from them.

- Mr N wanted a further review of his complaint.

As no agreement could be reached, the complaint has now been passed to me for a 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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017 and the Consumer Credit Act 1974. The basic position is that Monzo can hold Mr N liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them.

Monzo can only refuse to refund unauthorised payments if it can prove Mr N authorised the transactions, but Monzo cannot say that the use of the account card for online payments conclusively proves that the payments were authorised.

Unless Monzo can show that consent has been given, it has no authority to make the payment or to debit Mr N's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. It shows that the transactions were authenticated using the payment tools issued to Mr N. I'll now need to consider the information provided by both parties to determine whether there's sufficient evidence to hold Mr N responsible for the disputed transactions or not.

Mr N's version(s) of what happened has changed throughout his contact with Monzo and our service. This has made it difficult to understand his position regarding these payments. He's claimed, at various stages, that someone else was responsible and then that he himself made the payments but didn't receive the service he paid for.

So, I've considered the complaint based on the overall evidence presented by both parties, including the audit data provided by Monzo. From that evidence, it's apparent to me that Mr N himself made these payments because he had accounts he'd set up with A & B, the payments were made with his own card from his own account and further security steps were required by the merchants (called 3DS). This additional step requires the user (here Mr N) to acknowledge the payments either through the banking app or from a message/email. Further codes are generally required to be entered which is the case here.

Additionally, the payments to A&B were funded by incoming payments from other accounts in Mr N's name, or by payments (winnings) received from A&B or other gambling merchants. Mr N later said that these payments (from A&B) were money being sent back into his account, rather than winnings.

But, Mr N has argued that he either didn't make the transactions himself or that he did and didn't then receive the service he paid for. He's also said that both A&B refused to help him. Looking at the multiple payments from A&B into his account (some £35,000 during this period), it just doesn't seem likely they were the result of regular repayments from the merchants who Mr N said wouldn't help him. Rather, I think, they were winnings from betting transactions made by Mr N. Typically, any gambling site only pays winnings to the account that the original funding came from, so it's unlikely that the outgoing payments to A&B are unconnected to those incoming payments. Overall, I think the evidence shows it was more likely than not that Mr N made the disputed transactions himself.

I also couldn't find any evidence that Mr N had asked Monzo to assist him with any gambling problems. He was asked if he needed help with his debts, but Mr N declined. The Monzo account was only operating for a few months and appears solely (apart from an odd transaction) related to various gambling merchants. Whilst there was a considerable amount of money flowing through the account, this wasn't obviously from loans or credit obtained by Mr N. It was either payments from other accounts in his name or recycling earlier winnings.

There were no particular red flags that I think Monzo should have noted and Mr N was in contact with Monzo for several weeks whilst he was also making payments to A & B, but at no point did he mention that he wanted help from Monzo – he just maintained that he was either not responsible for the payments or unhappy with the service he received.

Whilst I have some sympathy for the situation Mr N later found himself in, I don't think it would be fair or reasonable for Monzo to refund those payments to him. I think Monzo's offer relating to the delay was reasonable and I won't be asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 February 2024.

David Perry
Ombudsman