

The complaint

Miss F has complained Monzo Bank Ltd won't refund her for transactions she didn't make or authorise.

What happened

In December 2022, whilst working overseas, Miss F noticed numerous transactions to the same merchant. These totalled more than £1,110. She reported this to the local police. She asked Monzo to refund her.

Monzo wouldn't agree. Despite noting the transactions were hugely out of character and made using a mechanism Miss F had never formerly used, Monzo believed the evidence suggested she'd made these transactions or knew who had.

Miss F brought her complaint to the ombudsman service. In the interim she'd found the impact of these frauds to have had a massive impact on her mental health and was having difficulty working and enjoying a normal life. There'd also been more than 80 other attempted fraudulent transactions which had not debited her account.

Our investigator felt overall the technical evidence outweighed the other information under consideration.

Miss F was very disappointed and asked an ombudsman to consider her complaint. She submitted further evidence about what had happened to her, including information about who could potentially have compromised her details (and phone to allow setting up the payment mechanism used for the disputed transactions).

I completed a provisional decision on 22 December 2023. I felt the evidence suggested Miss F's device could have been compromised so I asked Monzo to refund her in full.

Monzo disagreed with this outcome. They restated their view that Miss F could have been the victim of a scam but as she'd not confirmed this, they'd not been able to investigate this aspect.

I now have all I need to complete my 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 reached the same outcome as I did in my provisional decision. What follows explains my thinking.

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 Miss F'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 Miss F has told us.

I believe these transactions were carried out by a third party and not Miss F. I say this because:

- Miss F's actions on discovering numerous unauthorised transactions had been made are what you'd expect to see. She reported this to the local police, despite the difficulty of doing that overseas.
- Monzo's evidence shows the payment mechanism was authorised on Miss F's phone using her genuine PIN. Miss F had successfully recovered her PIN just a week before this event.
- The disputed transactions all credit the same overseas merchant. Their nature and number clearly resemble fraudulent transactions. There were also numerous other attempts at fraud.
- At different times during their investigation, Monzo has considered these transactions weren't authorised by Miss F. Their original internal customer notes state this. In later correspondence with our service, they confirm they consider the transactions to be fraudulent. However they felt Miss F may have been subject to an attempt to compromise her account or scam her, and because she was unable to confirm this, they decided this was first party fraud instead as they weren't able to investigate this.
- It is not the case under the PSRs that I have to specifically identify a point of compromise to be sure fraud has happened. Nor is it my role to explain how fraud takes place. All I need is to be satisfied there was an opportunity for fraud to take place and based on what I have seen here, I'm satisfied this is what happened here. There are at least two different potential compromises: one identified by Monzo and the other being Miss F's ex-partner.

I'm satisfied that in cases where we find it difficult to completely explain exactly what happened, the correct response isn't just to confirm the customer must bear the responsibility. This doesn't meet the requirements of the PSRs. In Miss F's complaint, the nature of the transactions and the merchant being credited massively outweigh any evidence I have seen that Miss F made or allowed someone else to make these transactions.

I've also noted the emotional impact this has had on her over the last year including her ability to work full-time.

Putting things right

Overall I don't believe there's sufficient evidence to show Miss F authorised these transactions. This means Monzo will have to refund £1,111.29 which was spent on 2 December 2022. 8% simple interest will also need to be added.

As I've confirmed above, this whole event has had a deleterious effect on Miss F's health. I note what Miss F has stated about the unusual nature of these transactions after the set-up of a new payment mechanism. I don't need to consider whether Monzo should have intervened as I've decided Miss F didn't authorise these transactions, but this is an aspect I would have considered otherwise, as these transactions were massively unusual and led to many unauthorised transactions as well.

I'm also asking Monzo to pay Miss F £200 in compensation for the trouble caused. This is considerably less than Miss F has requested but is what I believe is fair and reasonable in the circumstances of this case.

My final decision

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

- Refund £1,111.29 to Miss F;
- Add 8% simple interest to that amount from 2 December 2022 to the date of settlement; and
- Pay £200 in compensation to Miss F.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 12 February 2024.

Sandra Quinn
Ombudsman