

The complaint

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

What happened

On a night in July 2023, two banks transfers and an online card payment were made from Mr O's Monzo account, totalling around £3,500. Mr O says this was unauthorised.

Mr O has explained that his phone was with him by his bedside, he hadn't lost it, only he knew his phone's passcode and no one else could access it, he hadn't downloaded any suspect apps, he hadn't been scammed or responded to phishing messages, he hadn't recorded or told anyone his PIN, and the only other adult present was his wife who didn't know his PIN and couldn't have done this.

Monzo held Mr O liable for the payments in dispute, as they'd been made on his phone, at his usual IP address, with the PIN which only he knew, there were no signs of any hacking or unauthorised access, and there didn't appear to be a way the payments could've been made without his consent.

Our investigator looked into things independently and didn't uphold the complaint. Mr O didn't agree, so the complaint's been passed 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.

Broadly speaking, Monzo can hold Mr O liable for the payments in dispute if the evidence suggests that he authorised them.

I'm satisfied from Monzo's technical evidence that the payments in dispute used Mr O's genuine app, on his phone, authenticated by his PIN. So I can see that these transactions were properly authenticated. The question, then, is whether the evidence suggests that it's most likely Mr O consented to the transactions, or not.

First, I've considered the possibility that this was done by someone who Mr O didn't know, such as a third party thief or hacker.

The payments were made on Mr O's phone – the only registered device on the account, which he'd been using since early 2022. Mr O's phone was in his possession, he hadn't lost it, he hadn't given it to anyone, and only he knew the passcode and was able to access it. He hadn't downloaded any suspicious apps, hadn't responded to any phishing contact, and hadn't given access as part of a scam. And there's no sign of any third party hacking or unauthorised access to Mr O's app. So I've not found a likely or plausible way that someone could've been using Mr O's phone without his permission.

Similarly, Mr O hadn't told anyone his Monzo PIN or recorded it anywhere, and hadn't downloaded any remote access software that would let someone remotely see him enter his PIN. The PIN wasn't bypassed and can't be learned from the app itself, and it's exceptionally unlikely that someone would just guess it correctly on the first try. So it doesn't seem likely or plausible that a thief or hacker could've learned Mr O's PIN without his consent.

The disputed payments were made at the same IP address Mr O used for his genuine online banking activity both beforehand and afterwards. This means the person who made them was using the same internet connection based at the same location where Mr O normally did his online banking – e.g. his home. Again, this was unlikely to be a thief, and suggests that the payments were more likely genuine, just like all the other activity that was done at the same IP address.

So I don't see a likely way that an unknown party did this.

It is technically possible that someone known to Mr O may have made the transactions without his permission, if they had access to his home and phone, and could've taken his card and watched him enter his PIN at some point. But the only other adult present that night was Mr O's wife, and Mr O was certain that she didn't know his PIN and couldn't have done this. So it seems Mr O has ruled out this possibility himself.

That leaves only one likely and plausible possibility – that the payments were made with Mr O's consent. This fits very well with the evidence at hand, as they were made on his phone, at his IP address, using the PIN which only he knew. And I've not seen any evidence which makes it seem implausible or unlikely that Mr O could've authorised these payments or given someone else permission to make them for him.

As the only likely and plausible possibility remaining is that the payments were authorised, it was fair for Monzo to decline a refund here. I appreciate that this isn't the outcome Mr O was hoping for. But given the evidence at hand at the balance of probabilities, I'm unable to reasonably reach any other conclusion.

I understand that Mr O would like Monzo or our service to trace the recipients and facilitate their arrest. But neither Monzo nor our service are a police force. Neither organisation is here to trace people for Mr O, neither organisation can carry out criminal investigations, and neither organisation can arrest people. And I don't see that Monzo needed to contact the receiving bank given the substantial evidence that the payments were authorised and not fraudulent. Finally, I am here to resolve the dispute between Mr O and Monzo – not any dispute between Mr O and the recipients.

Lastly, I appreciate Mr O is unhappy that Monzo closed his account. But much as Mr O can choose who he banks with, Monzo can broadly choose who banks with them. I can see they closed his account for a legitimate reason, which they didn't have to tell him, and they gave him the appropriate notice under the terms which Mr O had agreed to. So Monzo didn't do anything wrong there.

My final decision

For the reasons I've explained, I don't uphold Mr O's complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 March 2024.

Adam Charles
Ombudsman