

The complaint

Mr O has complained Monzo Bank Ltd won't refund transactions he didn't make.

What happened

In the morning of 7 October 2023 Mr O noticed two transactions made with his Monzo card which he didn't recognise. Monzo reviewed the transactions but felt their technical evidence indicated these must have been made by Mr O.

They reconsidered this outcome as Mr O confirmed a transfer was made from one of his other bank accounts (with a bank I'll call B) to enable the second payment to be made. Their outcome remained the same.

Mr O brought his complaint to the ombudsman service.

Our investigator initially upheld the complaint in the absence of Monzo's evidence but reconsidered the outcome once she reviewed this. She felt the technical evidence indicated Mr O must have carried out these transactions.

Mr O disagreed and has asked an ombudsman to review his complaint.

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 a different outcome to our investigator's second view. I'll explain why. I've considered whether I need to complete a provisional decision but believe both parties have had an opportunity to review different outcomes based on our investigator's initial views.

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.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence, provided by financial institutions along with complainants' persuasive testimony.

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 Mr O'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

Mr O has told us. We've also been in touch with B and received copies of bank statements and online banking data covering the period of the disputed transactions, including the transfer of £579 from B to Mr O's Monzo account.

I believe these transactions were carried out without Mr O's authorisation. I say this because:

- Monzo's evidence shows the device ID used for the authentication of the two disputed card payments was the one belonging to Mr O.
- The transactions themselves however alert me to potential fraud. These are two card payments to an agricultural business overseas carried out in the early hours of the morning. The first transaction was for £2,600.93. There was then access through open banking (which isn't how Mr O accessed his account with B normally) to transfer £579 from B to Monzo. Once this money was then in Mr O's Monzo account, a further card payment was made for £881.46. If these were genuine, I'd have expected the account holder to have ensured money was available before these started. There is no indication what Mr O is supposed to have purchased for the equivalent of £3,500.
- Like Monzo, I considered whether Mr O must have been the victim of a scam but neither of his accounts were emptied which is what I may expect. Along with this Mr O has denied this is what took place.
- When Mr O first took his complaint to Monzo, it's clear they were exactly unsure what had gone on. They confirm "*whilst the customer seems plausible*" but ultimately decided "*the timing and evidence deem it impossible for the txs to be carried out by anyone else*".
- None of what happened appears to me to be like Mr O's normal payment behaviour.
- I have therefore considered whether Mr O authorised these himself. His testimony is persuasive. So I have to wonder what he'd be gaining from committing first party fraud to such an extent and I believe this based on the evidence to be out of character.

As things stand I don't believe there's sufficient evidence to show Mr O authorised the disputed transactions.

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 am.

In cases where we find it difficult to explain exactly what happened, the correct response isn't just to confirm the customer must bear the responsibility. This wouldn't meet the requirements of the PSRs. In Mr O's complaint, the nature of the transactions and his testimony outweigh other evidence.

Putting things right

Monzo will need to refund £3,482.39 along with 8% simple interest.

My final decision

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

- Refund £3,482.39 to Mr O; and
- Add 8% simple interest to that amount from 7 October 2023 to the date of settlement.

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

Sandra Quinn
Ombudsman