

## **The complaint**

Miss G complains that Monzo Bank Ltd hasn't agreed to refund a payment which she says she didn't authorise.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here in detail. The core facts are not in dispute, so I'll focus on giving the reasons for my decision.

In July 2023, Miss G saw she'd received two log-in emails from Monzo and a payment of £1,350 had been made from her account to a new payee. Miss G reported this transaction as fraud to Monzo. It determined that it must have been Miss G that made the payment as it couldn't identify how someone else would've made it.

Miss G brought her complaint to our service, and we ultimately upheld it. Monzo didn't agree and asked for a 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 agree with the conclusions reached by the investigator for these reasons:

- As a starting point, in line with the Payment Services Regulations 2017 (PSRs), Miss G is liable for authorised payments and Monzo would be liable for unauthorised payments – and it's for Monzo to show the payment was correctly authorised.
- Monzo claims that it must be Miss G that made this payment as only she could've used the email links sent to log-in to her online banking. And it was clicking these that led to someone making the payment. But I don't agree.
- Miss G has provided evidence of her reporting her phone as stolen to the Police in May 2023. From the device information we hold, she was using another device at the time this payment was made. The device she was using was the trusted device on her account and she continued to use this after the payment.
- The information indicates the stolen device was the one used to make the payment. The device used wasn't 'trusted', hadn't been used after Miss G told us her phone was stolen (until two days before the reported payment.) And wasn't used again after the reported payment.
- Miss G has explained the stolen phone was unlocked with a six-digit code and she used the same security details for several purposes. Monzo has said that it's impossible to hack an iPhone. But Miss G's phone was stolen from her while she was out, so – for example – it is possible that the thief saw her unlock her phone before targeting her. We

know there are ways an iPhone could be accessed. And once the thief had access to her phone, they would've been able to complete the steps we know were taken to log in to her account (by requesting then clicking the email link) and make this payment.

- From the information we hold, Miss G's account was also emptied with the payment, so this fits with the pattern we see when someone has been the victim of fraud. Money was moved from her 'pot' to her main account and then this amount plus a further £5 was sent to this new payee. And, taking into account a pending payment, this left her account with a small negative balance.
- Considering the information set out above, I consider the evidence supports that this payment was unauthorised. And I'm not satisfied Monzo has done enough to challenge this evidence or show the payment was authorised.
- The PSRs set out situations where a payment doesn't have to be refunded even though it was unauthorised. But I can't see these apply to Miss G or the situation she was in.

### **Putting things right**

I direct Monzo Bank Ltd to:

- Pay Miss G £1,350 – the amount of the unauthorised payment
- 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)

### **My final decision**

For the reasons set out above, I uphold Miss G's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 3 July 2024.

Amy Osborne  
**Ombudsman**