

The complaint

Mr C complains Monzo Bank Ltd refuses to refund him for transactions on his account he says he didn't authorise.

What happened

Mr C says he lost his phone while on the bus on 6 September 2023. It was handed in and he collected it from a bus terminal a few days later, on 8 September 2023. Mr C says when he got his device back, he realised it had been used to make an unauthorised transaction from his Monzo account. Mr C says wants Monzo to refund him the disputed transaction in the amount of £1,273.

Monzo says the transaction in dispute was carried out using Mr C trusted device and via a payment platform which would've required a password or the use of biometrics to access. Monzo also says the disputed transaction was for a payment of goods, and these goods were delivered to the same address as his account billing address. So, it says it thinks it's more likely that Mr C made this transaction, and in any case the goods were delivered to his home address, so he could return them to the retailer for a full refund.

Our investigator considered this complaint and decided to uphold it in Mr C's favour. Monzo disagreed so the complaint has been passed to me to consider.

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.

A consumer should only be responsible for transactions made from their account that they've authorised themselves. Mr C has said he didn't give any permission for the transaction in dispute to be made but Monzo believes he did. My role then is to give a view on whether I think Mr C more likely than not authorised the transaction, based on the evidence I have available.

Mr C says his phone was not in his possession at the time the disputed transaction was made. He says he lost his phone on the bus on 6 September 2023 and picked it up from the bus terminal on 8 September 2023. The transaction in dispute was made on 7 September 2023. I've also looked at the activity which took place on his phone around this time. Mr C has sent us evidence that several changes were made to an account he held with an online payment platform during this time which was used to facilitate the disputed transaction. These changes included address changes, phone number changes and payment card changes. I think this can be classed as unusual activity, as there were many significant changes in succession and some of these changes were made in the very early hours of the morning. I've also seen that there is no recorded activity on Mr C's Monzo mobile app during the time Mr C said his phone was not in his possession. But it shows that he logged in shortly before and soon after his phone was in his possession. And I've not seen any other evidence to suggest Mr C did have his phone during this time, so I am persuaded but what Mr C has said about his phone being lost.

Monzo responded to our initial view stating that the fact that the goods were delivered to Mr C's home address proves its more likely than not that he ordered them himself. However, I don't agree, and I'll explain why. I think the changes made on Mr C's accounts show that someone else was trying to manipulate the system to add other addresses to his account, and possibly for delivery. The evidence supplied by Mr C has been consistent about his phone not being in his possession and there is nothing persuasive to dispute that. Monzo says the goods were delivered to Mr C's home address, but this doesn't mean he authorised this transaction. Mr C says he never received the goods, and I think this is likely as he initially raised a 'goods not delivered' dispute in order to resolve this issue and get his money back. I don't know if these goods were intercepted before delivery, however, I think if Mr C had received the goods, he would've tried to return them as the quickest and easiest way to get back the money he has lost here.

I've also considered what Monzo has said about his passcode or biometrics being needed to access his phone and his payment service account. However, Mr C has clearly said he doesn't remember if his phone was unlocked at the time it was lost, and that his passwords were saved to his phone and could've been used had someone else made the purchases on the web page, instead of the app. It's also possible that he was targeted by a fraudster who shoulder surfed him prior to taking his phone. There are many possible scenarios, and the evidence isn't complete enough for me to be able to understand the full picture. However, from everything I have seen and been told I am not persuaded this transaction was authorised. So, I think Monzo should put things right as outlined above.

Mr C also complained about his account being closed by Monzo following his disputed transaction claim. I've considered Monzo's terms and conditions and how we'd expect it to communicate this decision to Mr C. Unfortunately, I cannot tell Monzo who it should accept as a customer as this is a business decision. However, I am satisfied that Monzo gave Mr C the required notice of his account closure and I've not seen any evidence that it has not followed the correct process in closing his account.

Putting things right

Monzo Bank Ltd should refund Mr C the total amount of the disputed transaction, I understand this to be £1,273. Monzo Bank Ltd should also add 8% simple interest from the date the transaction was made till the date it is returned to Mr C.

My final decision

I am upholding this complaint and Monzo Bank Ltd should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 June 2024.

Sienna Mahboobani
Ombudsman