

The complaint

Mr K has complained that Monzo Bank Ltd won't refund a transaction he says he didn't make or otherwise authorise.

What happened

In late 2023, Mr K's phone and Monzo app were used to make a £6,000 bank transfer to another individual. He reported this as unauthorised the following morning.

Mr K said he did not recognise the payment, and he had not been scammed into making the payment himself. His phone was in his possession, he didn't lose it, and no one else had access to it. He'd not written down his PIN or told it to anyone, and he'd not received any suspicious communication or given any of his details away.

Monzo held Mr K liable for the payment in dispute, as it had been made on his phone, at his usual IP address, using the PIN which only he knew, with no signs of hacking or remote access, and a large remaining balance left over. They later closed his account and proportionally refunded his premium account fee.

Our investigator looked into things independently and didn't uphold the complaint. Mr K appealed, 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.

While I understand that Mr K may be unhappy with the way Monzo works more generally or with their general approach to fraud, I should clarify that we are not the regulator, so we do not look after how businesses work in general nor set their processes. That's the Financial Conduct Authority (FCA). I'm here to look at individual cases about individual situations. So I'm not best placed to address Mr K's wider comments. Instead, I've kept my decision focused on how Monzo handled Mr K's individual situation.

Broadly speaking, Monzo can hold Mr K liable for the payment in dispute if the evidence suggests that he authorised it. Monzo do not need to prove this beyond all reasonable doubt – I'm instead looking at what's most likely.

I'm satisfied from Monzo's technical evidence that the payment in dispute was made on the appropriate app, on the genuine registered device, at the usual IP address. I can see that the transaction was properly authenticated. The question, then, is whether the evidence suggests that it's most likely Mr K consented to the payment or not.

The device used was the registered device on the account, and the same device Mr K had been using since he opened the account. It was not a “cloned” device as he’s suggested, and there was no other device active on the account at the time. It was the same mobile device which Mr K used for his genuine activity both beforehand and afterwards. From what Mr K’s said, this device was in his possession at the time, he didn’t lose it (which I can see as he continued to use it afterwards), and no one else had access to it. And Monzo did not detect any remote access to the device. So there does not seem to be a likely or plausible way that anyone was using this device without Mr K’s permission. The most likely possibility is that it was being used with Mr K’s consent.

Similarly, the disputed payment was made from an IP address which Mr K regularly used for his genuine activity, including genuine payments he made before and after this incident. It’s unclear how someone would’ve had access to Mr K’s device on his usual internet connection without his consent. But this fits well with the possibility that the payment was authorised.

Mr K’s PIN was needed to make the disputed payment. But Mr K said that he had not written the PIN down anywhere, nor shared it or told it to anyone, nor otherwise given any of his details away in response to any suspicious contact. And no one appears to have been accessing his device remotely. So I’ve not found a likely or plausible way that someone would’ve known the PIN without Mr K’s consent. The most likely explanation is that the PIN was used with his consent.

If a thief had somehow gained access to Mr K’s device, app, internet connection, and PIN without his consent, then they would’ve had control of his account. So I would’ve expected a thief to try to take as much money as possible, as quickly as possible. But here, only one payment was made, no further payments were attempted, and a very substantial balance was left in the account untouched. While this is a more minor point, again this makes it seem rather unlikely that the payment was made without Mr K’s consent. Instead, it supports the possibility that the payment was authorised.

I appreciate that Mr K says he spoke to someone he knows in a different bank who told him their systems are not 100% fool proof. But as I mentioned before, I’m looking at the merits of this individual case. And here, I’ve not found any evidence which shows that the account was accessed without Mr K’s consent. I’ve not found anything which shows that the payment was unauthorised. And I’ve not found any evidence which makes it seem implausible or unlikely that Mr K could’ve authorised the payment or given someone else permission to make it. Instead, the evidence supports that the transaction was authenticated on Mr K’s device which only he had access to, on his internet connection, using the PIN which only he knew, in a way which does not indicate fraudulent access. So based on the evidence, it’s most likely that the payment was authorised. And so Monzo don’t need to refund it.

I appreciate that Mr K would have liked to Monzo to block the payment. But I don’t see that they needed to at the time, given that it was made on Mr K’s device, on his usual internet connection, with the PIN which only he knew, and he’s confirmed he didn’t send it as part of a scam. Then by the time Mr K reported the payment, it had already completed and it was not possible to block it.

I also appreciate that Mr K wanted Monzo to speak to the receiving bank and try to recover the payment from them. Monzo might have been expected to do so if Mr K had sent the payment himself willingly as part of a scam. But Mr K confirmed repeatedly that he did not send the payment himself as part of a scam. And Monzo did not need to speak to the receiving bank about the payment being potentially unauthorised, not least since – as I've found above – they already had sufficient evidence that the payment was in fact authorised.

I understand that Mr K was unhappy with the way Monzo communicated with him. But having gone through his communication with Monzo, I have not found anything inappropriate in the way Monzo communicated with him.

Lastly, I understand Mr K is unhappy that Monzo closed his account. In much the same way that Mr K can choose who he banks with, Monzo can broadly choose who banks with them. They were allowed to close his account under the terms he agreed to when opening it. They had to give him sufficient notice, but I can see that they did so here. And I can see that they gave him a proportional refund of the account fee so that Mr K didn't end up paying for any period where his account was closed, which was fair.

I understand that Mr K was hoping to get a refund from Monzo, and that this will be a difficult message for him to receive. But given the evidence at hand and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

My final decision

For the reasons I've explained, I don't uphold Mr K's complaint about Monzo Bank Ltd.

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 K to accept or reject my decision before 4 June 2024.

Adam Charles
Ombudsman