

## The complaint

Mr S complains that Monzo Bank Ltd rejected his chargeback and disputed transaction claim. And they closed his bank account. He'd like a refund and compensation for the impact caused.

## What happened

Mr S had two accounts with Monzo.

On 30 June 2023 a payment of just over £298 was paid via Mr S's debit card to a car hire company I'll call A.

Mr S explained that he was charged over £1,000 by A in car fines, which he's willing to pay, but there was an additional charge on 30 June 2023 which he didn't authorise. And he doesn't know what it was for. Mr S shared a copy of social media messages between him and A where he's querying the payment. But, on Monzo asking Mr A for further evidence to show the car hire agreement and charges he was expecting Mr A wasn't able to provide anything. So, Monzo decided not to raise a chargeback.

On 18 July 2023 at 8:59pm a payment of £0.02 was transferred from Mr S's account to a cryptocurrency provider I'll call C. Four minutes later a further payment of £1,530.26 was sent to C.

On 20 July 2023 Mr S contacted Monzo and informed them that he didn't know anything about the payment, and he didn't authorise it.

Monzo asked Mr S some questions about the payment including whether his mobile device had been left unattended. Mr S advised that his device was always with him, but his face identification wasn't working.

On 27 July 2023 Monzo informed Mr S that they wouldn't be upholding his disputed transaction claim. And they were closing his account on 28 July 2023.

Mr S complained to Monzo, but they felt they'd acted fairly in declining to raise the chargeback, refund the disputed transaction and closing his account. Monzo did offer Mr S £70 compensation for other service failings.

As Mr S wasn't happy with Monzo's response he complained to our service.

One of our Investigators looked into his complaint. They asked Mr S for any additional evidence he could provide to show the contract or agreement he had with A, but Mr S explained most of his communication with A was done via social media.

Our Investigator also asked Mr S some further questions about the disputed transaction including whether his device was with him at the time of the payment and whether he'd made a payment of £1,250 shortly before the disputed transaction.

Mr S confirmed that his device was with him at the time but he didn't notice any notifications,

and didn't approve the transaction. He also advised that the £1,250 was a payment for some property work that the receiver did for Mr S's family.

On reviewing everything our Investigator concluded that Monzo didn't need to do anything more. They thought it was fair for them to not raise the chargeback due to a lack of evidence, reject the disputed transaction because on balance they thought Mr A authorised it and they were satisfied Monzo acted fairly in closing his account.

Mr S didn't accept our Investigator's view. In response he said he could provide evidence to show the charges he should have incurred when using A. And repeated he didn't authorise the payment to C, so shouldn't be held liable.

Our Investigator asked Mr S to confirm for a second time if he'd authorised the payment of £1,250, which Mr S originally said was a payment for some property work. But, Mr S now advised our investigator that he didn't recognise the payment for £1,250.

As Mr S didn't agree with our Investigator's outcome it's been passed to me to decide.

On picking up the case I asked Mr S if he'd received any suspicious emails or downloaded any apps prior to the disputed transaction. Mr S said he had but he wouldn't be able to provide any evidence of this due to the length of time that's passed.

### **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.

#### *Chargeback*

I'll firstly consider Mr S's complaint point about Monzo failing to raise a chargeback regarding a payment of just over £298 to A. A chargeback is something a bank can raise on behalf of their consumer for several reasons – one of the reasons is goods or services not received. Which is effectively what Mr S was arguing in his case. Mr S argued that he authorised a payment to A for a car he hired in Dubai. He agrees that a payment for over £1,000 to A made a few days before was authorised however he doesn't agree the payment of £298 was.

For me to argue that Monzo acted unfairly in not raising the chargeback I need to decide that they had a reasonable prospect of success. Having looked at the evidence provided by Mr S to Monzo, and what he *wasn't* able to provide, I'm afraid I'm unable to say this. Mr S shared with Monzo a set of messages between him and A via social media after the charge had been taken. But, critically this doesn't show what Mr S *should* have been charged. I've seen evidence from Monzo that they asked Mr S to provide several pieces of evidence including an invoice for the goods/services provided, a description or cost of them and any proof showing what the extra charges were for. However, Mr S hasn't provided Monzo, or our service, any of this evidence. That means I can't say it was unfair that they didn't raise a chargeback in this case.

#### *Disputed transaction*

I've seen evidence that the disputed transaction was authenticated via the long card number and biometrics. But on its own this isn't enough for Monzo to hold him liable. They'll need to also show that Mr S authorised the transaction. From the evidence I've seen I think it's fair for Monzo to reach that conclusion. I say this because:

- Monzo have shared evidence with our service which shows the device used to authenticate the disputed transaction was the same device registered with Monzo since the account was opened – Mr S's device. This means a fraudster would have either needed physical or remote access to his device. Mr S advised me that his phone was kept with him at all times and had a passcode. He explained he'd received some suspicious emails (but couldn't share them) and downloaded some new applications for work. I'm afraid without further evidence of the emails he received or apps he downloaded I can't fairly conclude his device was remotely accessed.
- I've seen evidence from Monzo that the transaction of £1,530.26, was authenticated via additional verification called '3D secure'. The evidence shows that a notification was sent to Mr S's device, and this was approved via '*fingerprint*'. I understand that this means biometric authentication so could either be fingerprint or face ID. Mr S says that he didn't see any notification or approve it – but I can't see a plausible explanation for how this could have been approved without his knowledge.
- Just under an hour before the disputed transaction was carried out a faster payment of £1,250 was made via Mr S's device. Mr S initially told our service it was a payment for property work, but later said he didn't recognise the payment or authorise it. It find it concerning that Mr S hasn't been consistent in explaining whether he carried out this payment or not. I'd find it most likely Mr S *did* authorise the payment of £1,250 as this is what he first informed our service. This means a fraudster would have had less than an hour to gain access to Mr S's device and authorise the disputed payment. This seems unlikely.
- The IP address and location of where the payment of £1,250 was carried out is the same as for the disputed transaction. This is also an IP address I can see Mr S carried out undisputed account activity from before *and* after the disputed transaction.

For the reasons I've outlined above I'm satisfied that on balance Mr S most likely authorised the disputed transaction. It follows that I won't be asking Monzo to refund it.

### *Account closure*

I've moved on to consider Monzo's actions when closing Ms S's account.

Monzo can only close an account in specific circumstances, and by following the terms and conditions of the account. Monzo have relied on the terms and conditions when closing Mr S's account. The terms explain that in certain circumstances they can close an account without notice. Although Mr S's closure wasn't immediate, he was given less than one days' notice so I'll consider the immediate closure terms when seeing if their actions were fair. And having reviewed Monzo's terms for immediate closure, I'm happy they've applied them fairly.

I understand this will disappoint Mr S but for the reasons I've explained above I won't be asking Monzo to do anything further.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 July 2024.

Jeff Burch  
**Ombudsman**