

## The complaint

Miss H complains that Monzo Bank Ltd (Monzo) hasn't fully refunded payments totalling £2,700 made from her account in January 2024. She's also unhappy with how Monzo dealt with things.

## What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. To summarise briefly, Miss H says that in January 2024 she mistakenly transferred £300 to her former partner; then following this, four days later, her former partner verbally coerced her in person to transfer £1,200 to them (made up of £200 and £1,000). She says that five days after this she then received a threatening phone call and because of this transferred a further £1,200, this time to an unknown person.

The transactions Miss H is complaining about were to two different recipients. For ease I have broken down the transactions by recipient.

### Payments to Recipient 1 (R1)

Date	Amount
22 January 2024	£300
26 January 2024	£200
26 January 2024	£1,000
	Total £1,500

### Payments to Recipient 2 (R2)

Date	Amount
31 January 2024	£1,200
	Total £1,200

Miss H complained to Monzo resulting in her receiving £506.55 recovered back from R1's account. This meant a remaining £2,193.45 was not recovered. Miss H referred her complaint about Monzo to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a 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 don't uphold this complaint. Within this decision I've considered if there's enough to say Miss H authorised the payments in line with the relevant regulations, if Monzo should have intervened to stop the payments, if they did enough to recover the funds once Miss H raised a dispute, and finally if further compensation is due for the way Monzo handled her claim.

## Authorisation

Generally speaking, Monzo is required to refund any unauthorised payments made from Miss H's account, and Miss H should only be responsible for transactions she authorised. Those rules are set out in The Payment Services Regulations 2017 ("the PSRs"). A payment out of Miss H's account can only be authorised if she consented to it. So, it's not enough for Monzo to show how the transactions were authenticated. To decide if Miss H authorised the transactions, I'd also need to be persuaded that Miss H most likely consented to them. Miss H doesn't believe she authorised these transactions and wants Monzo to refund the amounts taken. All the disputed payments were made through Miss H's mobile app to R1's and R2's accounts.

It's not disputed that Miss H authorised the £300 payment to R1. In her online chat with Monzo the day after the payment was made, she said she "meant to send it to one of my other account(s)".

Miss H said that she was physically threatened in person by R1 which is why she made the subsequent disputed payments totalling £1,200. She said that she was blackmailed into making the later payments as R1 had personal pictures of her and other things that were being used against her. During an online chat with Monzo she said she was "forced to send the money", she has also told our service that R1 had her phone at the time and made the payments.

When describing the payment to R2 Miss H told our service this was done without her knowledge or consent. Reviewing her communication with Monzo I can see that she described this transaction as her receiving a call from an unknown number from a person who knew a lot of personal information about her. She then felt threatened to make the payment to R2. So, I'm satisfied that Miss H knew about this transaction and completed the payment transaction herself.

I'm sorry that Miss H went through this experience. When considering consent under the PSRs, if an account holder has been coerced into allowing a payment, this doesn't usually make the payment unauthorised - I've explained why below.

Regarding payment transactions, the regulations say a consumer's consent "must be given in the form, and in accordance with the procedure, agreed between the payer and its payment service provider" (PSR 2017 R.67(2)(b)).

So, the ways a consumer can give consent should be set out in the terms and conditions of the account. The concept of consent is a formal one – if the consumer uses the agreed form and procedure for making payment orders then they have given consent to the execution of the payment transaction.

This is an objective test, and it doesn't depend on the consumer being fully aware of the details of the payment at the time. Simply put, if the bank receives a request from its customer to make a payment – in line with the terms and conditions of the account, then it is fair for them to consider the transaction as consented to and therefore authorised. And it's not disputed that the payments went through her banking app which is a method both she and Monzo agree to.

It's important to understand that the consent referred to in the PSRs isn't the same as 'informed consent' (a concept that applies in other contexts such as healthcare).

When a customer gives a payment instruction, the underlying relationship between them and whoever they're paying is irrelevant to whether the payment is authorised. This means that if

someone has been coerced into making a payment, or deceived about the purpose of the payment, that doesn't make the payment transaction unauthorised.

This means that Miss H being coerced or blackmailed into making the transactions, being forced to give someone else her details to allow them to make the payment, or mistakenly making a payment, would still be considered as authorised under the regulations. Because of this, while I'm pleased that she was able to recover some funds I'm not asking Monzo to return the £993.45 outstanding from R1 or the £1,200 from R2 as I'm satisfied that Miss H authorised these payments.

### Prevention

I've also gone on to consider if Monzo, given the information it had at the time of the transactions, should have intervened to stop the payments. Monzo has provided statements showing that Miss H made £2,000 and £1,000 payments to R1 in the six months prior to the transactions she's disputing. As she made similar sized or larger transactions to R1 before, I don't think it reasonable to expect Monzo to have flagged the transactions she's disputing as suspicious. It follows I don't think that Monzo needed to intervene to confirm that she was happy with the transactions before it allowed them to debit her account.

Similarly given her account history I can't say that Monzo should have intervened further to stop the £1,200 payment leaving her account on 31 January 2024 to R2.

### Recovery

Once Miss H raised a dispute with Monzo about the transactions Monzo recovered £506.55 from R1 leaving £993.45 outstanding from R1. Monzo confirmed this is the maximum amount they could have recovered from R1. Based on the information I've seen following us reaching out to R1's bank directly, I think Monzo recovered the maximum amount they could from R1 (£506.55). This amount is also more than the £300 Miss H paid to R1 by mistake on 22 January 2024.

I can also see that Monzo took steps to recover the funds from R2 but was unsuccessful. On balance I'm satisfied that Monzo did enough to try and recover the funds from R1 and R2 so I'm not asking Monzo to do anything more regarding these disputed transactions.

### Compensation

Based on the information given, I can see that Monzo delayed issuing a response to Miss H's claim after receiving further information from her.

Our service has an approach to compensation for distress and inconvenience which tries to be fair to both consumers and businesses and focuses solely on the impact any mistakes had on consumers. Our awards are not meant to punish businesses.

I'm sorry that Miss H went through this experience, and I'm pleased that at least some of the funds have been returned to her. When considering compensation for the distress and inconvenience, I have to separate out the distress caused from R1 and R2 and focus solely on any distress caused by Monzo's actions, specifically their delay in giving Miss H a response to her claim. Miss H didn't receive a full response to her claim until May despite providing the information requested in March and initially reporting her claim in January. Considering the length of time this went on for, the amount involved, the impact this delay had on Miss H, but also what I've said above about everything, I think the £50 offered by Monzo is fair. And I'm not asking them to increase this amount.

**My final decision**

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 11 December 2024.

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**Ombudsman**