

The complaint

Mr N has complained Monzo Bank Ltd won't refund him for seven transactions he didn't authorise.

What happened

Early one morning in March Mr N noticed a number of transactions on his Monzo account which had taken place on an overseas public transport system. These hadn't been him and he raised a complaint with Monzo.

He told them he'd provided his account details in response to a (scam) message requiring payment to ensure delivery of a parcel.

Monzo didn't believe that the transactions could have been authorised by anyone other than Mr N so wouldn't refund him. Mr N brought his complaint to the ombudsman service.

Our investigator could see that an Apple Pay token had been approved by Mr N a couple of weeks before the disputed transactions. She was also able to note that Mr N could not have been present when the seven transactions were made. She didn't think Mr N authorised the disputed transactions and asked Monzo to refund him.

Monzo disagreed as they believed he'd been grossly negligent when approving the Apple Pay token. They've asked an ombudsman to consider this complaint.

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've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr N's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. There are exceptions to this. This would include whether a customer acted with intent in giving their security details away or with gross negligence and I've considered these aspects below.

To help me come to a decision, I've reviewed the evidence Monzo provided as well as what Mr N has told us.

I believe these disputed transactions taking place in the early hours of 26 March 2024 were carried out without Mr N's authorisation. I say this because:

- There is a clear point of compromise as Mr N admits falling to a recognised parcel scam and providing his account details. He believed he was paying a charge to ensure his expected parcel would be delivered. I see no gross negligence or intent here as Mr N fell victim to a scam.
- It's most likely that Mr N approved the addition of an Apple Pay token despite most likely not having requested this. I'm not convinced by Monzo's argument that by doing this Mr N was being grossly negligent. I agree he probably didn't request this but on its own, I don't think this request should have raised any alarm bells with him. As Monzo know the bar for gross negligence is high and I don't believe this behaviour crosses it.
- The addition of a token was more than a fortnight before the disputed transactions took place and whilst this token enabled those to take place, I can see that Monzo agrees with our service that the authentication of the token and consent to the transactions are two different things under the PSRs. There's no evidence Mr N authorised the seven disputed transactions.
- The transactions clearly resemble those of a fraudulent nature. In addition, I can see transactions were attempted which Monzo rejected as there were no funds remaining in Mr N's account. This adds to the fraudulent nature of these transactions.
- There's no dispute based on other evidence shared with our service that Mr N could have been present overseas when these transactions took place.

Putting things right

As I'm satisfied Mr N didn't make or authorise these transactions, Monzo will need to refund him in full. They will also need to add 8% simple interest from the date of these transactions until the date of settlement.

I've also considered whether compensation should be payable here and I believe £100 is fair and reasonable. This seems to me to be a straightforward case where account details were compromised and used fraudulently. I'd have expected Monzo to have dealt with this as such.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- Refund the seven disputed transactions on 26 March 2024 to Mr N;
- Add 8% simple interest to that amount from 26 March 2024 to the date of settlement; and
- Pay Mr N £100 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 12 November 2024.

Sandra Quinn
Ombudsman