

The complaint

Mrs B has complained Monzo Bank Ltd won't refund her after she was the victim of a scam.

What happened

In January 2024, Mrs B was selling items on an online reselling website. Her card details were compromised, and she was conned into authenticating a foreign payment for £367.21 through the Monzo app. Mrs B asked Monzo to refund her but they wouldn't agree to do so as Mrs B had authorised the transaction.

Mrs B brought her complaint to our service.

Monzo offered to refund half of Mrs B's loss to her as they admitted they should have done more. Our investigator felt, in light of Monzo's stance, that they should refund Mrs B in full.

Monzo disagreed with this outcome. Mrs B's complaint has been referred to an ombudsman.

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 Mrs B'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.

It's worth confirming straightaway that the evidence shows Mrs B authorised the transaction by going into her Monzo app and authenticating the transaction.

There's no dispute that Mrs B was the victim of a scam. There were numerous other attempted transactions at the same time which were flagged and then blocked by Monzo.

As Monzo has pointed out our starting point is that banks and electronic money institutions are required to follow their customer's instructions. But I've also noted what Monzo has told us. They believe Mrs B didn't do enough to protect her account and authorised a transaction to a random merchant. I believe this is unfair as Mrs B was the victim of a scam. The authorisation only came after two other transactions to the same merchant were declined so Monzo should have been alert to Mrs B's card details potentially being used fraudulently.

I consider it fair and reasonable in 2024 that Monzo should have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

Like our investigator I believe Monzo should have done more in this case. I don't agree that Mrs B contributed to what happened by not carrying out due diligence, so a full refund is fair and reasonable in the circumstances of this case.

Monzo will need to refund £367.21 along with 8% simple interest from 2 January 2024.

My final decision

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

- Refund £367.21 to Mrs B for the disputed card transaction; and
- Add 8% simple interest from 2 January 2024 until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 December 2024.

Sandra Quinn
Ombudsman