

The complaint

Miss W complains that Monzo Bank Ltd won't reimburse her money she lost after she was defrauded.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In January 2024, Miss W received a telephone call purporting to be from her university's finance department. But unknown to her at the time, she was in fact speaking with a person intent on defrauding her.

The caller claimed that the account to which she has her student finance paid into had been compromised, so she was encouraged to move funds from that account to the account she held with Monzo. Miss W followed the instructions of the caller and moved her funds.

On the same day, two faster payments totalling £3,600 were made from Miss W's Monzo account to a third-party account. Miss W isn't sure how these payments were made, but said she was sent links which she believed were confirmation she'd moved her money to her Monzo account. She now believes these were in fact links to transfer money from her account.

Once these transfers had been made, the caller abruptly ended the call. It was at this stage Miss W realised she'd been the victim of fraud and contacted Monzo to report the matter.

After considering Miss W's claim, Monzo decided not to reimburse Miss W her loss. In summary, it found that Miss W didn't hold a reasonable basis for believing she was legitimately dealing with her university. It did however offer to pay £150 in compensation for the poor service she received when raising her claim.

Miss W remained unhappy, so she asked our service to carry out an independent review. An Investigator considered the complaint but concluded Monzo ought to have reimbursed Miss W in full.

Monzo disagreed, so the matter has now been passed to me for a final 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.

Authorisation

There has been some ambiguity in this case as to whether Miss W authorised the payments in dispute. Having considered the evidence carefully however, I find it more likely than not that Miss W did inadvertently authorise these payments.

Miss W believes she was sent a link by the fraudsters after she'd transferred funds from an account she held with another provider to her Monzo account. She says that she thought this link was to confirm that her money was safe, but in fact it was likely a link that authorised payments from her Monzo account via Open Banking.

I do find that to be a plausible explanation. Technical evidence provided by both Monzo and the third-party payment service provider would suggest that security information linked to Miss W's Monzo account would have been input in order to authorise the payments. And it appears this was carried out on a device associated with genuine activity on the account.

Overall, I'm satisfied that Miss W likely authorised the payments in dispute. And Monzo carried out those payment instructions as it is required to do so under the Payment Services Regulations 2017.

Should Monzo have reimbursed Miss W her loss?

Monzo isn't a voluntary signatory of the Contingent Reimbursement Model Code (CRM Code), but it has agreed to abide by its principles when assessing fraud claims.

The CRM Code offers additional protections for victims of certain types of fraud. The starting position within the Code is that a customer should be reimbursed their loss. But businesses can choose not to reimburse a customer if it can demonstrate that one of the exceptions to reimbursement, set out in the Code, applies.

Here, Monzo seeks to rely upon the exception that Miss W made the payments without holding a reasonable basis for believing that she was legitimately dealing with her university. So, I must weigh up the evidence provided by both parties and decide whether Monzo has been reasonable in relying upon this exception in the circumstances of this complaint.

Monzo has made some compelling arguments as to why it feels Miss W didn't hold a reasonable basis of belief. The main point being that Miss W ought to have questioned why her university's finance department would involve itself with a matter of a bank account compromise.

While I understand the point Monzo has made, I feel as if it hasn't considered the matter holistically and from the perspective of Miss W.

Miss W was a young university student at the time she was preyed upon by fraudsters. I therefore don't find it reasonable to hold Miss W to the same standards as one might expect from a person experienced in matters of finance and the system that is used to facilitate payments.

Further, I don't find due consideration has been given to the high-pressure nature of such frauds. Miss W was called from a telephone number genuinely associated with the university she attended. And the caller purported to be a genuine individual working at that university—confirmed by a professional networking platform—that seemingly knew personal information about her and the fact that she's been recently transferred student finance. I find it reasonable that when Miss W was presented with these facts that she automatically placed her trust in the individual calling.

Further again, the fraudsters utilised high-pressure tactics in this case. Miss W has told our service that she has suffered serious financial detriment as a result of the loss of these funds. So it is clear to me that she was very much reliant on the funds she held for paying basic needs, such as rent. When presented with information from a trusted person that this was at risk of loss due to an account compromise, it would have been only natural for her to

have been anxious and want to act quickly to prevent this from occurring.

Fraudsters who commit these types of fraud typically hold their victims on the phone until their instruction have been followed, creating a sense of urgency, and in turn panic, in their victims. Adding this to Miss W's inexperience and financial circumstances at the time, I believe she was vulnerable in the circumstances. And the urgency and panic she faced at the time, mixed in with the fact that she thought she was speaking with a trusted and professional individual, likely made her follow their instructions without hesitation—including clicking on the links provided and authorising the payments.

Overall, I don't find it fair and reasonable that Monzo have relied upon an exception to reimbursement here. I find Miss W did likely hold a reasonable basis for believing she was legitimately talking with a representative of her university and that her funds were indeed at risk of being stolen. I therefore find that Monzo ought to have reimbursed her the funds she lost.

Poor service

Monzo has agreed that it could have dealt with Miss W's claim better. It has admitted to avoidable delays in her claim being assessed and answered. It has also admitted to failing to call Miss W back despite numerous attempts by her to achieve this.

Due to those delays being over a considerable period of time, and the vulnerabilities Miss W has faced in her financial difficulties, Monzo has offered Miss W £150 in compensation. I find that to be a fair amount considering the circumstances above.

Putting things right

Monzo should now go ahead and reimburse Miss W her full loss. It should also pay 8% simple annual interest on this amount from the date it ought to have responded to her initial fraud claim, to reflect the deprivation of funds she has suffered since that time to present.

It should also now pay the compensation it has offered, if it has not done so already.

My final decision

For the reasons I have given above, I uphold this complaint and direct Monzo Bank Ltd to:

- Reimburse Miss W £3,600.
- Pay interest on this amount of 8% simple annual from the date it ought to have formally responded to her claim to the date of settlement.
- Pay Miss W £150 in compensation, if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 22 August 2025.

Stephen Westlake
Ombudsman