

The complaint

Mr K says Monzo Bank Ltd (“Monzo”) refuses to refund him for transactions on his account he says he didn’t authorise.

What happened

Mr K says he noticed six transactions on his account on 7 April 2024, which he says he didn’t authorise. These were all ApplePay transactions which Mr K says he didn’t make or authorise. But upon realising there had been fraud on his account he recalled a message he’d received from a popular postal company and had followed the instructions to enter his card details. Mr K now realises this could’ve been a scam.

Monzo is not disputing the transactions were unauthorised and most likely made by a fraudster who was able to add Mr K’s debit card to a new ApplePay wallet. But it has provided evidence to show that Mr K would’ve had to authorise the set-up of the new ApplePay wallet in the Monzo app for this to work. And so Monzo says Mr K was grossly negligent for falling for this scam and mistakenly allowing his card to be added to another ApplePay wallet.

Our investigator considered this complaint and decided to uphold it. The issue of the transactions being unauthorised was not in dispute, and she didn’t feel the question of whether Mr K had been grossly negligent was relevant to this complaint. Monzo didn’t agree, so the complaint has been passed to me to consider.

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.

The starting point for any complaint about unauthorised transactions is the Payment Services Regulations 2017 (PSRs). Mr K isn’t liable for payments he didn’t authorise.

Mr K’s evidence is that he received a text from what he believed to be a well-known parcel company at a time when he was expecting a package. He followed the link in the message and the instructions which followed. He was asked for his payment details to pay a small fee in relation to a package he was due to receive. As he was expecting a package at the time, he didn’t notice anything suspicious about the message. Mr K says he thinks this was a scam and through this, someone else was able to add his card to an ApplePay wallet. And I think this is a likely explanation for how someone else was able to obtain Mr K’s card details and address information to set up an ApplePay wallet with Mr K’s card.

Monzo has also provided evidence to show the screen that would’ve been displayed when setting up a new ApplePay token. This shows it’s likely a code would’ve been sent to Mr K’s device and entered to complete the set up. I don’t know how this code was obtained from Mr K’s device. However, the setting up of the ApplePay wallet is a separate consideration to the authorising of the transactions.

The transactions were made using ApplePay to make online purchases to a merchant – which amounts to a ‘distant contract’. In such cases the onus is on the business to show that the consumer authorised the transactions. If they are unable to do so, the transactions should be refunded. Monzo haven’t provided any evidence to persuade me the transactions were authorised by Mr K. Instead, it has accepted that these transactions were unauthorised. So, on this basis Monzo should refund the transactions in dispute.

Putting things right

Monzo Bank Ltd should refund the transactions in dispute and add 8% simple interest from the date the transactions were made till the date they are repaid.

My final decision

For the reasons I’ve outlined above, I am upholding this complaint. Monzo Bank Ltd should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or reject my decision before 28 October 2024.

Sienna Mahboobani
Ombudsman