

## **The complaint**

Mr P complains that Monzo Bank Ltd hasn't refunded one of two payments he says he didn't make from his bank account.

## **What happened**

Mr P received a call about a fraudulent Amazon purchase on his account. Using his laptop, he followed instructions from the caller which included entering codes into a website. Mr P says he realised it was a scam call when the screen kept going blank and asking for the same information. He saw that three payments had been made from one of his bank accounts to his Monzo account and then two payments made out to two unknown payees. Mr P was able to freeze his Monzo account before the third amount was moved anywhere and he reported this as fraud to Monzo.

Monzo looked into his claim but didn't uphold it. It said the payments had all been made and authorised using Mr P's trusted device (an iPad) and using his correct security credentials. Mr P maintained that he hadn't touched his iPad during the call and everything happened on the laptop, so he had no involvement in the payments at all. Due to this Monzo said it was fraud, not a scam and maintained no refund was due. However one of the banks the payments went to reached out to Monzo, so this payment was returned to Mr P.

Mr P came to our service, but our investigator didn't uphold his complaint. Mr P asked for an ombudsman to reconsider it. I contacted both Monzo and Mr P prior to finalising this decision to understand more about the situation and try and mediate an outcome. Neither party agreed, so I am now proceeding to formalise my 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.

The starting position in line with the Payment Services Regulations 2017 ("PSRs"), the relevant legislation here, is that Mr P is liable for payments he's authorised, and Monzo is liable for unauthorised payments.

For a payment to be regarded as authorised, the PSRs explain what steps must be completed. They set out that the payer (Mr P) must have given its consent to the execution of the payment, or a series of payments. And this consent must be given before, or if agreed between parties, after the payment; in the form, and in accordance with the procedure, agreed between the payer and the firm; and can be given via the payee or a payment initiation service provider.

In this case, Mr P says the payments were unauthorised and made by a third-party without his knowledge. As above, the PSRs set out that consent is given by three things – the key one here being that consent must be given in line with what has been agreed between Mr P and Monzo. So that is what I need to consider.

Monzo has been able to show the audit trail for the payments as well as a record of which device/s accessed Mr P's Monzo app at the time of the payments. This device log shows that only one device was accessing Mr P's account at the time of the payments – and this was the same device that was used for some time before and also after the scam.

Monzo has also shown the payment process that needed to be completed for the disputed transaction – and this involved a number of steps. This included a check for the payee's name and a warning about the fact this was a new payee for Mr P's account. These steps couldn't be skipped and the audit log shows that confirmation was given to continue with the payment with Mr P's PIN. And this is what is needed under Monzo's terms for consent.

Monzo has therefore shown that someone using Mr P's trusted device completed the necessary steps to consent to the payment, in line with the terms Mr P agreed to. I haven't seen any way a third party was able to do this, especially considering the type of device Mr P used. So, in line with the PSRs, I do consider the payment authorised.

Mr P has said he didn't know or have any bank details for the parties that the payments went to. But the data we have shows that while the money was moved from the original bank account to Monzo via Open Banking, the payments out were initiated and completed in Mr P's Monzo app, using his registered device. I recognise how strongly Mr P feels about this case and that he is adamant he had no part in the payments. But the evidence we hold indicates he, or someone using his device with security credentials, must have been involved.

As I've considered Mr P authorised the payments, I've then considered whether Monzo missed an opportunity to prevent these funds leaving Mr P's account. Or to recover or reimburse him for them at a later date.

The first payment that left the Monzo account has been returned by the receiving bank, which happens to be the same bank Mr P's funds originally came from. I can see that this bank contacted Monzo proactively and questioned the payment with it. It requested paperwork from Monzo and as Mr P had raised this payment as a concern, Monzo completed this to get the funds returned. This meant the funds were sent back to Monzo by this bank and then Monzo credited to them to Mr P's account. Monzo didn't reach out to the receiving bank itself and hasn't accepted that it needed to do this. It maintains that as Mr P says the payment wasn't a scam, it wasn't in a position to make this request of the receiving banks.

Our investigator contacted the receiving bank for the second payment to see if funds remained, but the money was moved from this account very quickly and prior to Mr P reporting the scam to Monzo. So there was no opportunity to recover these funds. So at the time, the receiving bank has returned the first payment to Monzo and it then credited it to Mr P's account. The second payment has not been returned.

The challenge with this case is that Mr P's recollections and the evidence we have don't match. As I have already explained to Mr P, I do think the payments he made were out of character for his account. But I can't fairly say that had Monzo contacted him during the payment process, it would've prevented the loss. The evidence indicates that something was being done on Mr P's own device to authorise these payments. But as I don't know exactly what was going on or why this was happening, I can't fairly say that a conversation with Monzo would've stopped it, so that it should refund some or all of the funds.

In the same respect, our investigator considered if Mr P was due reimbursement under the Contingent Reimbursement Model (CRM) code, as Monzo applies the principles of this despite not being a signatory. The code applies to situations where a consumer has been

scammed. But Mr P is adamant he wasn't scammed, and that these payments are fraud. But the code doesn't apply to fraud. For Mr P's payments to be considered under the code, I'd need to be satisfied that the purpose he sent the money and the reason the party took the money don't align. But as he says he didn't send the money at all, I can't say this is the case. So I don't consider we can fairly apply the principles of the CRM code here.

Whilst it's not clear exactly how the events unfolded, I do think Mr P has lost out financially as a result of what happened on his Monzo account, and I recognise how difficult this is for him. But I can't fairly conclude that Monzo has done anything wrong here. I agree that in line with the PSRs, the payments would be considered authorised. And I can't safely say that Monzo could've prevented the remaining, outstanding loss, considering what Mr P has maintained happened. Monzo didn't agree to reimburse Mr P for his reported losses and I don't have clear grounds to ask it to do so.

### **My final decision**

For the reasons set out above, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 December 2024.

Amy Osborne  
**Ombudsman**