

The complaint

Miss P complains that Monzo Bank Ltd hasn't refunded disputed transactions on her account.

What happened

On 26 August 2023 Miss P received an e-mail about needing to pay for a hotel. Miss P said she was expecting to pay for a hotel at the time, so she clicked on the link in the e-mail. Miss P says this took her to her Monzo app before her phone froze. Two payments were then made from her account both for £1,133 within twenty minutes of each other.

Miss P contacted Monzo that day to dispute the payments. She said Monzo told her that because the payments were pending, the money would be refunded within eight days. After not receiving her money back within eight days Miss P contacted Monzo again. Monzo said it would need time to investigate the payments before deciding that it was holding Miss P liable for them and that she likely authorised them because her PIN number had been used to authorise them. Miss P raised a complaint to Monzo but Monzo said it wouldn't be refunding her money. It did offer her £25 for the delay in issuing the final response to her complaint and £100 for the time it took to provide an outcome to her fraud claim.

Miss P remained unhappy so she brought her complaint to this service.

Our investigator didn't think the complaint should be upheld. He said that based on the evidence available he wasn't able to say the payments were made without Miss P's consent or knowledge because her PIN was used to send both payments. He added that the total offer of £125 for the delays Monzo had caused was reasonable.

Miss P disagreed and has asked for an Ombudsman's review. She said she wasn't asked to enter a PIN to authorise the payments and that phishing attacks are increasingly sophisticated so it's possible her PIN was captured without her knowledge. She added that the £125 compensation failed to address the broader issue of financial loss and distress caused by the loss of her money.

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.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

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

Miss P has insisted throughout this complaint that she clicked on a fake e-mail which included paying for an hotel. It's possible that this could have been a scam, but I can only deal with the complaint that's in front of me and which is brought by Miss P. So, in this case that complaint is that Miss P says she hasn't authorised the two transactions that have been made from her account and this isn't related to a scam.

Broadly speaking, Miss P is responsible for any payments that she authorised (either by making them herself or allowing someone else to) and she isn't responsible for unauthorised payments. The relevant regulations to this effect are the Payment Services Regulations ('PSRs'), and I've considered these alongside the terms and conditions of Miss P's account.

The key questions for me to decide are:

1. were the payments authorised by Miss P; and
2. if they weren't, did Miss P fail with intent or gross negligence to comply with her obligations under the PSRs and/or the terms and conditions of her account?

To start with, I've seen the bank's technical evidence for the disputed transactions. It shows that both transactions were authorised by Miss P's PIN in the app. I'll now need to consider the information provided by both parties to determine whether there's sufficient evidence to hold Miss P responsible for the disputed transactions or not.

Having done so, I'm not persuaded that its more likely than not a third party has managed to hack her PIN (which she says isn't written down anywhere and only she knows it) either through the app on the day of the transactions or via other sophisticated phishing techniques in order to spend money on the account.

I note Miss P raised this issue on the day of the payments and is unsure why the payments couldn't have been stopped then. To be clear, even though the payments were pending Monzo can't stop a card payment once it's been authorised. And because Monzo decided that it was more likely than not Miss P who authorised the payments it correctly didn't pursue any other methods to try and recover the money.

Miss P says she should receive more compensation than the £125 Monzo has offered so far because of the financial loss and stress this complaint has caused her. But because I'm not satisfied Monzo has done anything wrong here I can't ask it to pay compensation for the loss of her money and the stress that losing that money has caused. I've reviewed the time it took Monzo to investigate Miss P's fraud claim and issue a final response to her complaint. Having done so, Monzo's offer seems reasonable to me and in line with what I'd expect in similar cases.

As a result, I'm not going to ask Monzo to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 23 October 2024.

Mark Dobson
Ombudsman