

## Complaint

Miss S is unhappy that Monzo Bank Ltd didn't refund her after she fell victim to a scam.

## Background

In June 2024, Miss S received a phone call from an individual claiming to work for Monzo. The caller led her through what appeared to be a legitimate security process, asking her to confirm personal information, including her date of birth, and postcode. The caller informed Miss S that her account's security had been compromised and that they would help her protect it. She didn't know it at the time but the call was from a fraudster, not a Monzo employee.

During the call, Miss S was told that there had been several attempts to make fraudulent transactions from her account. She says this strengthened her belief in the call's authenticity. While on the phone, Miss S says she received notifications from the Monzo app indicating that transactions had been blocked or declined. She also received a notification for an attempted payment of £3,425, which the app prompted her to approve or decline. Following the fraudster's instructions, she approved the payment, believing it would be refunded quickly.

There is a disagreement about the order of events. According to Monzo's records, the disputed payment was made at 11:49 am, followed by six failed attempts to process other payments over the next twenty minutes. Miss S disputes this, claiming that the failed transactions occurred *before* she was asked to approve the £3,425 payment.

Monzo didn't agree to refund Miss S. She wasn't happy with that response and so she referred her case to this service. It was looked at by an Investigator who concluded that Miss S had authorised the payment and that Monzo wouldn't have had any reasonable grounds for intervening in connection with it. In the Investigator's view, from the bank's perspective, it wouldn't have appeared that there was much risk that this payment was fraudulent.

Miss S disagreed with this outcome, particularly in light of the declined transactions she believes preceded the authorised payment. If Monzo had factored in several declined transactions, the payment looks more concerning and it would've been justified in blocking the payment and contacting her. As Miss S disagreed with the Investigator's opinion, the complaint has been passed to me to consider and come to a final decision.

## Findings

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 contradictory or uncertain, I must determine the complaint on the balance of probabilities. In other words, whether it's more likely than not that the transactions occurred in the order Miss S has claimed.

Under the Payment Services Regulations and Monzo's terms and conditions, the starting point is that a bank is expected to process payments that a customer has authorised. In this case, Miss S authorised the £3,425 payment by confirming it in the app and so Monzo was entitled to hold Miss S liable for it.

However, that isn't the end of the story. In line with good industry practice, Monzo was expected to monitor account activity and flag transactions that seemed unusual or indicative of fraud. When such payments are identified, I would expect the bank to take action, such as warning the customer or, in some cases, contacting them to verify the payment. The steps it takes (if any) should be proportionate to the risk the payment presents and strike a balance between trying to protect customers and not unduly inconveniencing them.

The Investigator thought that payment didn't stand out as suspicious and that Monzo had no reason to intervene. I'd agree with that conclusion. It's true that it was larger than the typical payments made from her account, but the value of the payment is a relevant risk indicator. Unfortunately, I don't think it's practical to expect Monzo to intervene in connection with payments of this size, unless there are other factors that suggest a significant fraud risk.

Miss S argued that the six declined payments occurred before the authorised payment. Monzo should, therefore, have been alive to the possibility of fraud and acted accordingly. This is the key consideration here. Monzo has provided an audit log showing that the disputed £3,425 payment was recorded at 11:49 am, while the first declined transaction occurred at 11:59 am. The call with the fraudster began at 11:12 am and lasted 35 minutes<sup>1</sup>. Miss S says that the fraudster mentioned declined transactions at the start of the call and that this means they must have already been made by that point. I can understand where she's coming from, but it isn't necessarily the case. There's no reason to assume that the person who used her card details to try to make those payments was the same person that called her and, if they were working in a team, there was potential for miscommunication. The person making the call to her may have believed that the payments had already been attempted, but that didn't mean that they necessarily had.

Miss S has expressed concern that Monzo may have manipulated the data it provided. But she's also shared a screenshot of a declined payment for £8.49 from her Monzo app. The time displayed matches the time on Monzo's audit log. Given the consistency between the app data and Monzo's audit data, I think this is unlikely to be the case. I know Miss S disagrees, but I'm persuaded that the evidence shows it's more likely than not that the declined transactions came after the payment that was successfully made. As a result, Monzo couldn't have factored in those declined transactions when weighing up the risk that the disputed payment was being made in connection with a scam.

I don't say any of this to downplay or diminish the fact that Miss S has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. However, my role is limited to looking at the actions and inactions of the bank and I'm satisfied it didn't do anything wrong by processing this payment.

## **Final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 15 November 2024.

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<sup>1</sup> These times are all in UTC, which is the standard time used by the Monzo app. The device used by Miss S to take the call used BST, which is one hour ahead.

James Kimmitt  
**Ombudsman**