

The complaint

Mr M has complained that Monzo Bank Ltd won't refund transactions he says he didn't make or otherwise authorise.

Mr M is also unhappy Monzo closed his account and the service he received.

What happened

Mr M held a current account and a business account with Monzo.

On 6 May 2023, just over of £2,000 was paid into Mr M's business account and personal account in five separate transactions from three different third parties, I will refer to as A, S and K. The funds were then paid to a cryptocurrency exchange, which I will refer to as N.

Mr M says he didn't make any of the transactions. He says he doesn't know A, S or K who deposited money into his accounts. And that he did not send the funds onto N. He says he was in bed at home at the time the transactions were completed. And that his mobile phone was on charge in a different room.

Mr M says that no one had access to his mobile phone which he uses to access his Monzo bank accounts. He has explained that he hasn't shared his bank PIN or card details with anyone else, and that his mobile phone has fingerprint and face recognition security in place. Mr M also said that his benefit money was sent to N.

Mr M has said that he received a Google update the day before the transactions, and he then noticed his mobile phone started playing up. He explained that when he tried to use his phone to pay for goods the phone would not let him access his bank account, so he used his bank card to pay. He later noticed that his fingerprint and facial recognition had been switched off on his phone. Mr M said his phone then refused to switch off and the screen repeatedly flashed. So, Mr M believes his phone must have been hacked and someone unknown carried out the transactions using his mobile phone.

On 6 May 2023, Monzo sent Mr M a message asking him to get in contact with them about the activity on his account. Before they could speak to Mr M, he got in touch. Mr M told Monzo he'd woken up, checked his bank accounts as usual and then discovered the transactions to N.

Mr M reported the transactions as fraudulent to Monzo. He told Monzo that he did not authorise the payments and was not scammed into authorising them. He said they were made without his knowledge or permission, and he only found out about them after the fact.

He explained that he isn't a technical whizz and couldn't explain how his phone had been hacked. But he said there seemed to be something wrong with his phone.

Monzo held Mr M liable for the payments in dispute. Monzo also decided to close Mr M's accounts immediately. In summary it said:

- Technical evidence confirmed the disputed transactions were made online via Mr M's debit card.
- They were authenticated by push notifications being sent to Mr M's registered phone number, which redirected the screen to the banking app. There was an 'Approve transaction' option and once this was selected, the card's PIN was entered.
- Technical evidence show that all payments were card payments that were authenticated via Monzo's 3D Security system.
- Mr M's PIN was used to authenticate each disputed transaction.
- Mr M had not mentioned his debit card or PIN being compromised.
- The device that was active in the app at the time and the IP address matches the PIN authentication on the 3D Security system payments.
- There's nothing to suggest the registered mobile number was changed. So, the push notifications were sent to Mr M's mobile number, and his trusted device was used to enter his PIN.
- Mr M told Monzo the device used to verify the disputed transactions was in his possession and no one else was around to access his phone when they were carried out.
- There's nothing to suggest that Mr M's device was remotely accessed.
- Mr M maintained he did not download anything and there was no scam involved. In order for remote access to have been used Mr M would have needed to provide permissions. Furthermore, since Mr M's PIN was used to authenticate the payments, any third party must have had knowledge of his PIN.
- The statement confirms Mr M's benefit payments funded some of the disputed transactions Monzo believes that this was done with his consent.
- Mr M's accounts had been closed in line with the terms and conditions of the accounts.
- The service it had provided Mr M had fallen short – specifically that it had taken too long to look into Mr M's fraud claim, it hadn't called Mr M back when it said it would, and it had asked Mr M to complete security verification via its in app facility when Mr M didn't have access to it. To put things right Monzo paid Mr M £230 compensation.

Unhappy with this response Mr M referred his complaint to our service.

One of our investigator's looked into things but didn't think Monzo needed to do anything more. The investigator said they hadn't seen any evidence that the transactions were carried out by a third party. They were satisfied from the technical evidence that the disputed transactions were authenticated by push notifications being sent to Mr M's mobile phone and his PIN being entered. They couldn't see how someone else could have accessed this device. And said that there was no plausible explanation for how someone else would have become aware of Mr M's PIN and card details. The investigator also said that Monzo had done enough to put things right regarding the service failings. And hadn't treated Mr M unfairly when it closed his accounts. So, she didn't uphold the complaint.

Mr M disagreed, saying he had not been involved. He maintained that he hadn't carried out the transactions, had reported the matter to the police and he'd lost his own money.

As no agreement could be reached the matter has come to me to decide.

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.

Broadly speaking, Monzo can hold Mr M liable for the payments in dispute if the evidence suggests that he authorised them. The relevant law here is the Payment Services Regulations 2017, and broadly speaking Mr M is responsible for any payments that he has authorised (either by making them himself or allowing someone else to) and he isn't responsible for unauthorised payments. Essentially if Mr M made the disputed transactions himself or authorised them to be made on his behalf, it would not be fair to ask Monzo to refund them.

Throughout Mr M's complaint he has maintained that he was in possession of his phone, which was the registered device for his account, when the disputed transactions were carried out. And that he was still in possession of his bank card. Mr M has also consistently told this service that he has not divulged his PIN or security banking credentials to anyone else. And that he knows nothing about the disputed transactions. Mr M strongly believes that his mobile phone was hacked, and his money was stolen by fraudsters.

The question, then, is whether the evidence suggests that it's most likely Mr M consented to the transactions or not.

Monzo has provided technical information which shows the transactions were funded by Mr M moving money between his accounts with Monzo. Funds had entered the relevant accounts to ensure there was a sufficient balance for the transactions from three different third parties – K, S and A. This movement between accounts occurred just before the disputed transactions took place. This suggests a level of planning and awareness on Mr M's part about the transactions.

In order to authorise the payments, as part of its 3D security system Monzo sent push notifications to Mr M's mobile number – the same number he gave our service. They were not sent anywhere else. Those notifications redirected the device to Mr M's banking app which then required the user to enter Mr M's PIN to facilitate the disputed payments.

Mr M was in possession of his phone. There doesn't seem to be a likely or plausible way that someone could've been aware of the push notifications and been aware of Mr M's PIN without Mr M's consent. But again, it does suggest that he either made the payments or gave someone else permission to make them.

All of this evidence means that whoever authorised the transactions would've had to been able to access Mr M's online Monzo accounts to move money around. They would've also had to be able to access Mr M's debit card, know his PIN and be able to access his mobile device to receive the push notification and enter his PIN.

According to Monzo's technical evidence, no remote access software or virtual networks were used to access Mr M's online banking, and I've not found any evidence of hacking or of the security being bypassed. As far as I can see, the person using Mr M's account accessed

it in the normal way using his security details. And based on what he's told us, it's not clear how anyone other than Mr M would've known his security details.

I haven't seen any evidence which shows that a third party would've been able to carry out these transactions without Mr M providing his authority. And I've kept in mind that Mr M has told this service that he hadn't lost his bank card which was needed to carry out the disputed transactions – in fact he has confirmed he used it the day before because he says he had trouble using his mobile phone to make a purchase.

I'm satisfied from Monzo's technical evidence that the payments in dispute used Mr M's genuine online banking facility, accessed from the registered device using the correct security details, with no remote access software detected. And that his bank card and PIN were used to make the transactions. So, I can see that these transactions were properly authenticated. I've not seen any evidence which makes it seem implausible or unlikely that Mr M could've authorised these payments or given someone else permission to make them.

So, while I know this will come as a disappointment to Mr M, and while it is not my intention to disappoint him, I cannot fairly or reasonably tell Monzo to refund these payments on the basis of them being unauthorised.

I say this because the evidence too strongly supports that they were in fact authorised. As has been mentioned before: if Mr M authorised these payments as part of a scam, there may possibly still be routes for getting his money back. But he would need to first divulge that the payments were authorised and give full details on how any scam took place. If Mr M would like us to consider a complaint about being scammed into authorising the payments – as opposed to the payments being unauthorised – then he can ask our investigator for help setting up a separate case.

I've next gone on to consider whether Monzo acted fairly when it closed Mr M's accounts. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

In doing so, I appreciate that Monzo is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Monzo should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Monzo has provided some further details of its decision making process, which led to the closure of Mr M's accounts. I'm sorry but I can't share this information with Mr M due to its commercial sensitivity. The information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Monzo has treated Mr M fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

Monzo have relied on the terms and conditions when closing Mr M's accounts. I've reviewed the terms and they explain that Monzo can close an account for any reason by giving two months' notice. In certain circumstances, Monzo could also close the accounts without notice, as it did here.

For Monzo to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, including the information Monzo has provided to this service in confidence, I'm satisfied that Monzo did. And that it was entitled to close the accounts as it's already done. So, it would not be appropriate for me to ask Monzo to pay Mr M compensation since I don't find Monzo acted inappropriately when it closed the accounts.

Finally, I'll deal with the standard of service Mr M received on the phone and how it handled Mr M's fraud complaint overall. Monzo has acknowledged that Mr M might have received service that wasn't of the standard he was reasonably entitled to expect. Monzo has apologised for the amount of time Mr M had to wait for the outcome of its fraud investigation, that he wasn't called back when promised, and wasn't able to access the app to progress his claim.

Monzo has provided feedback to staff and paid Mr M £230 compensation for the trouble and upset its poor service caused. This seems like a reasonable response to this aspect of Mr M's complaint. That's not to say I don't think Monzo has dealt with some issues poorly – because it has. But it has admitted to these errors, and whilst I know Mr M won't agree, I'm not persuaded that Monzo should fairly be directed to do anything further in this regard.

In summary, I realise Mr M will be disappointed by my decision. But based on the available evidence, I won't be asking Monzo to do anything more to resolve his complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 January 2025.

Sharon Kerrison
Ombudsman