

The complaint

Miss A complained because Monzo Bank Ltd refused to refund her for transactions she said she didn't make.

What happened

On 17 May 2023, Miss A contacted Monzo. She said there were two debits on her account which she hadn't made:

- £70 at a cash machine on 1 May, using Miss A's card and correct PIN; and
- £40 payment to a retailer on 8 May, using Miss A's card and correct PIN.

Miss A told Monzo that she hadn't given anyone else her card and hadn't written down her security details. She still had her card. She wanted a refund.

On 19 May, Monzo refused to refund her. It said the transactions had been made with her genuine card being physically present. And as the card was in Miss A's possession, it wasn't possible they'd been made by anyone else. Monzo sent a replacement card and PIN. It said she could take it up with the retailer herself if she wished.

Miss A complained on 19 May. She said Monzo was discriminatory, and that she preferred calls. She said it took far too long in chat, including the chat being paused. She said Monzo's agent had made an assumption that it wasn't fraudulent just because she still had the card, which she said was ridiculous.

Monzo logged Miss A's complaint, and said its complaints team would contact her. It sent Miss A an email acknowledgement on 23 May. But it rejected Miss A's complaint. It said that Miss A had reported that she had her card, and the card had been used to make the transactions. It also said that there had been no previous record of Miss A having notified Monzo that she was dyslexic and preferred phone conversations.

Monzo's final response to Miss A's complaint gave a detailed reply saying why it wasn't upholding her complaint. In summary, it said that:

- It couldn't reimburse her for the two disputed transactions. A thorough investigation had been completed, and it reached the correct outcome. And it had been completed within a timeframe it expected;
- It couldn't uphold her complaint about the communication methods which Monzo had available. It said that as an app-based bank it would always resort to using in-app chat. It said that while it did still offer phone and email support, it kept as much communication as possible within in-app chat, and it couldn't offer all support options over the phone.

Miss A wasn't satisfied and complained to this service.

Our investigator didn't uphold Miss A's complaint. She said:

- the disputed transactions had been authenticated using Miss A's genuine card, as shown by the chip data, and her correct PIN. There is no evidence to support the idea that the chip of a card can be cloned, so Miss A's genuine card was used to make the transactions;
- Miss A had questioned the location, saying she hadn't been present in the town on the statement. But the investigator explained that it was possible it had been done with a mobile terminal, rather than Miss A having been physically present in that town;
- that there had been undisputed transactions before and after each of the disputed ones. So if a third party had been in possession of her card, they'd have had to return it without Miss A noticing. Miss A had said that hadn't been possible;
- that Miss A was in possession of her card after the transactions, so it wasn't plausible that an unknown third party could have done this.

So the investigator said it was fair for Monzo to hold Miss A liable for the transactions.

Miss A wasn't satisfied. She sent a long email disagreeing. In summary:

- She was dissatisfied and disappointed about how long it had taken Monzo to send its final response;
- She said that at an early stage in the complaint, she'd told Monzo about her learning disability of dyslexia. She thought Monzo should have provided continued phone communication;
- She wanted CCTV to show whether she'd made the cash machine withdrawal herself;
- Although the investigator had said there was no evidence that the chip and PIN had been cloned, Miss A said equally it wasn't 100% proven that the chip and PIN hadn't been cloned. She couldn't say when she'd been out and used her cards before 1 May, and there could have been an opportunity for her card to have been cloned;
- She didn't agree with the investigator's suggestion that the transaction could have been made on a mobile terminal, rather than physically in the town on the statement. She thought her explanation was more plausible.

Miss A asked for an ombudsman's 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.

Miss A has raised multiple points in her submissions to this service. I've understood all of those and considered all she's said and sent us, but in reaching my decision here I've focused on what I think is vital to my conclusions.

What the regulations say

There are regulations about disputed transactions. The regulations for this are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

So I've considered whether it's more likely that Miss A, or a third party unknown to her, made the disputed transactions.

Who is most likely to have authorised the disputed transactions ?

The computer evidence shows that transactions were made using Miss A's genuine card and PIN. But Miss A thinks her card was cloned, and she says there's no evidence to show 100% that this didn't happen.

First, this service makes decisions on what's more likely than not to have happened. We can't always know with 100% certainty. So what I'm deciding is whether it's more likely than not that Miss A, or a third party unknown to her, made the transactions.

I consider it very unlikely Miss A's card was cloned. It's not generally thought possible to copy the chip on a card, and our service hasn't come across any cases where we felt this was a likely explanation of what happened. The technical computer evidence shows that the payments were made using Miss A's original card, the same one she was using for genuine payments around the same time. I'm not persuaded that it was possible for the chip in Miss A's card to be cloned and used for these transactions.

Miss A's correct PIN was used for both transactions. The £40 transaction on 8 May was first tried contactless, but that didn't work because it exceeded the contactless limit. It then went through using the genuine card and PIN. So both transactions were made using Miss A's card, with its unique chip, and her correct PIN.

A PIN is a four-digit number and there are 10,000 possible combinations of a four-digit number. So it's most unlikely a third party would have been able to guess Miss A's PIN correctly.

Before and after the disputed transactions, there were transactions which Miss A didn't dispute. If a third party fraudster had made the disputed transactions, they'd have had to steal Miss A's card, make the transactions, return it to her, then steal it again before the second disputed transaction a week later, and return it to her again – all without her knowing. This isn't likely, and Miss A said this didn't happen.

Taking all of this into account, I consider it's most likely that Miss A made the disputed transactions herself.

Answering Miss A's other points

- Miss A wanted to see CCTV to prove whether she'd made the cash withdrawal. CCTV isn't always available, and if it is, only for a short time, usually around 30 days. So it wouldn't be available now. In any case, CCTV rarely shows clearly who made a transaction. Nor would it show if, for instance, Miss A gave her card and PIN to someone else to carry out the transaction for her, with her authority. So CCTV wouldn't help decide the outcome here.

- Looking at the locations on Miss A's statement, statements don't always show the physical location where transactions took place. They might for example have been done on a mobile terminal. Or the location might show an organisation's head office. And it's also possible Miss A had travelled.
- Looking at the timescale for Monzo's response, Miss A contacted Monzo about the transactions on 17 May. Monzo's fraud team contacted her for more information the next day. It rejected her claim the next day ie 19 May. Miss A complained that day. Monzo's final response letter is dated 2 September. This was outside the 8 week timescale that banks have for replying to a complaint. Monzo apologised for this in its final response letter. The final response shouldn't have been outside the 8 weeks set by the regulator, the Financial Conduct Authority (FCA). But the fact that it was late, doesn't change the outcome about whether or not Miss A gets a refund for the disputed transactions.
- Miss A also said Monzo should have provided continued phone communication, instead of chat. I can see that Monzo told Miss A that it's an app-based bank and it preferred to use in-app chat. It said that it still offered phone and email support but it couldn't offer all support options over the phone. And it said it didn't respond to emails quickly. But this service doesn't tell banks what procedures it must operate. That's the role of the regulator, the Financial Conduct Authority (FCA).

So I don't uphold Miss A's complaint. I consider it's most likely that she carried out the disputed transactions herself, so Monzo doesn't have to refund her.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 12 February 2025.

Belinda Knight
Ombudsman