

## The complaint

Mr G complained because Monzo Bank Ltd refused to refund him for payments which he said he hadn't authorised.

## What happened

On 4 August 2024, there was a £200 credit into Mr G's Monzo account.

On 5 August, there were three payments from his account to a business abroad, which totalled £170.61. The same day, Mr G contacted Monzo by chat and reported that he hadn't made any of the payments. Monzo blocked Mr G's card, and asked him for more information.

Mr G told Monzo that he still had his phone, but someone had been able to log in and make payments from it. In reply to Monzo's questions, he said no-one had contacted him asking for his security or login information. He also said no-one else had access to his phone, and he hadn't provided anyone with his PIN. He hadn't been asked to install anything on his phone, which had been working as normal.

Monzo also told Mr G that on 17 May it had sent him a text asking him to approve adding a mobile payment service to his account. It asked him if he'd requested this, and Mr G said he didn't remember. It also asked if he'd approved the addition after he'd had the text, and Mr G said he didn't remember. Monzo also asked Mr G if he'd had any scam calls, texts or emails and Mr G said no.

Mr G said his phone was always with him, and it was protected by biometrics. He said no-one else had biometrics set up on his phone, and no-one else knew his PIN.

On 10 August, Monzo told Mr G it couldn't treat the transactions as fraudulent and wouldn't refund him. It suggested he should contact the recipient business.

Mr G replied that he'd never been to the country where the recipient business was based, and he'd paid in the £200 as part of his rent, so he now couldn't pay his bills. He said his money wasn't safe with Monzo if this could happen and he wasn't protected. He said he still had his cards with him. He said he couldn't lose £170.

Monzo didn't uphold Mr G's complaint. In its final response on 23 August, it said it believed its investigation into Mr G's claim had been thorough, and had reached the right conclusion. It said this was based on the data it had available to it, and the timeline of transactions on Mr G's account. It said this meant it wasn't possible for the transactions to have been authorised by anyone else.

Monzo explained that the transactions had been made using an extra layer of security called 3D Secure. It said the decision not to refund Mr G was in line with the sections about "*Our responsibility to you*" and "*Payment types*" in its terms and conditions. It said that it appreciated that Mr G had provided further details after the initial outcome, but its specialists

had reviewed that and had come to the same conclusion. It told Mr G he could take this to the police, to Action Fraud, and to this service.

Mr G wasn't satisfied and contacted this service.

Our investigator asked both Monzo and Mr G for more information.

Mr G said he'd changed his phone, but he had both phones in his possession and no-one else had access to them. He agreed that he did have a digital payment service on his phone, but said he only used it for the bus. He didn't recall getting a verification message from Monzo, or a facial recognition photo he sent to Monzo on 30th May.

Monzo sent further technical computer information. It showed that the digital token had been set up on 17 May. And when Mr G had added a second phone on 30 May, it had required him to confirm the digital token by sending a facial recognition photo (a selfie), which it said had matched the one Mr G had sent previously.

Our investigator didn't uphold Mr G's complaint. She said Mr G had said that no-one else had access to his current and previous phones. When Monzo had asked Mr G questions to ensure he hadn't been the victim of a fraud or scam, he'd confirmed that he still had his phone, and no-one else had had access to it. She noted that setting up the digital token, which had been used to make the transactions, had needed extra security and a digital photo had confirmed Mr G's identity. So the investigator said she couldn't ask Monzo to refund the disputed amounts, which had been authorised from Mr G's phone. She said that scams can be very sophisticated, but the evidence she currently had meant she couldn't consider Mr G had been the victim of a fraud or a scam.

Mr G didn't agree. He said he didn't ok any transaction from his phone. He said there was every possibility he didn't understand the question asked, and had responded. He said he didn't remember doing anything on 30th May.

Mr G 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.

There are regulations about disputed transactions. The relevant regulations here 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. There are different rules when a customer has been scammed (tricked) into making a payment themselves or giving away their secure information, but that's not what Mr G said happened here.

I've looked carefully at what the technical computer evidence shows. The disputed transactions on 5 August were made using a token for a digital payment service. This was set up on Mr G's previous phone on 17 May. When Mr G added his new phone on 30 May, he had to send a facial recognition photo of himself to confirm adding the token to the new phone as well. This photo matched what he'd sent to Monzo when he'd opened the account. So I can't see how anyone except Mr G could have authorised adding the token, which was later used to make the disputed payments.

I recognise that Mr G, replying to the investigator's view, said he might not have understood what was being asked. But Mr G had previously set up a digital payment service, which he

said he'd the genuinely used for bus travel. I've seen the records of these journeys. And Monzo's template question was clear: "*Was it you who tried adding your card to [name of digital payment service] ?*" with options for yes or no. I realise that some time has now passed since the token was set up in May, but looking at the chat records from that time, Mr G didn't tell Monzo then that he hadn't understood. Monzo did also ask several other questions to check whether anyone else had tricked him into making the payments, but Mr G confirmed he hadn't had any unexpected calls, texts or emails, and hadn't disclosed his security information.

The token was set up on Mr G's new phone on 30 May. But the disputed transactions didn't take place until 5 August. Mr G said no-one else had access to his phone, but even if a fraudster had had access to Mr G's phone, it's not likely that they'd have set up the token in May but then waited until August before using it to steal from Mr G.

So the evidence shows that the token set up on Mr G's phone was confirmed using biometrics - a photo which matched the photo he'd previously sent. He still had his phone, and confirmed no-one else knew his security details or had access to the phone or security information. Importantly, Mr G said he hadn't had any strange calls, texts or emails, so he hadn't been tricked into making the payments. This means that I can't see how a third party could have made the transactions. So I can't order Monzo to refund Mr G.

### **My final decision**

My final decision is that I do not uphold this complaint, for the reasons above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 March 2025.

Belinda Knight  
**Ombudsman**