

The complaint

T, a limited company, complains that Monzo Bank Ltd has declined to refund disputed transactions that were made from its account.

What happened

T is represented by one of its directors, Mrs N, who I will refer to throughout this decision.

On 19 August 2024 Mrs N says upon arrival to a local shop, she noticed her card had been frozen. Mrs N says she unblocked it to make a purchase but for its convenience, wanted to set up Apple Pay on her phone as what she wanted to buy was heavy. Mrs N says the Apple Pay set up was successful and she received a confirmation message from Monzo. But, before she made the purchase, she noticed three transactions to a cryptocurrency platform had left her account totalling £630. She says these transactions weren't authorised by her.

Mrs N also says she received a telephone call from someone claiming to be from Monzo, in relation to the process to set up Apple Pay. But she can't be sure if this was before or after the disputed transactions had been made.

Mrs N contacted Monzo to report the disputed transactions as fraudulent and asked it to refund the money. But the bank didn't believe it was liable for her loss. Mrs N raised a complaint, and in response, Monzo said:

- It was sorry that the disputed transactions had caused Mrs N stress and anxiety.
- It was unable to overturn the decision regarding the fraud claim as its investigation was thorough and reached the correct conclusion.
- Mrs N didn't take sufficient steps to verify the request that was sent to her phone for a new payment token.
- The activity happened on a phone using Apple Pay, and Mrs N hasn't mentioned a phone being lost or stolen.
- It would not be reimbursing T for its loss.

Mrs N then referred T's complaint to this service where it was considered by one of our investigators. She didn't believe Monzo was responsible for T's loss, as from what Mrs N had said, she couldn't see how the transactions could be considered unauthorised. And she didn't think Monzo had made any mistakes processing the transactions without them being flagged by its fraud prevention system.

Mrs N didn't agree with our investigator and provided many comments in response. She accepted that she did set up Apple Pay on her phone the same day as the disputed transactions but reiterated that she didn't authorise them.

She said there was suspicious activity on her account that day, in the form of a £0.43 attempted transaction that was declined by Monzo. As well as a suspicious call she received from 'Monzo' telling her that her account was now 'safe', and that she should move money from her other bank accounts into it (which she didn't do).

Mrs N also said, given the circumstances of the day and the environment she was in at the time, it's possible that she may have approved a notification that appeared on her phone, believing it to be connected to setting up Apple Pay. She said she doesn't feel our investigator took into account the pressures she was facing that day and considered whether she may have approved these transactions in error.

As no agreement could be reached, the complaint has been passed 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.

Having done so, I agree with the conclusions reached by our investigator, for broadly the same reasons.

It's clear that something unusual happened to Mrs N on 19 August 2024. She's described receiving a call from 'Monzo' in connection with setting up Apple Pay on her phone and moving her money to keep it safe (which is a known, common scam), as well as a small, declined transaction for £0.43 that resulted in her card being blocked by Monzo too. But the evidence provided by Monzo satisfies me that the disputed transactions were made using Mrs N's own Apple Pay device. And I can't see how that was possible without active involvement from Mrs N.

Under the relevant law – the Payment Services Regulations 2017 (PSRs) – the starting point is that Mrs N is liable for authorised payments and Monzo is liable for unauthorised ones.

Where a payment is authorised, that will often be because the customer has made the payment themselves. But there are other circumstances where a payment can be considered authorised, such as where the customer has given permission for someone else to make a payment on their behalf or they've told their payment service provider they want a payment to go ahead.

Here, Mrs N says she didn't disclose anything to the caller from 'Monzo' in the form of transaction codes or anything that she says would've resulted in a successful transaction. Monzo has confirmed it didn't call Mrs N on 19 August 2024, so that person was a fraudster. It would certainly be incredibly coincidental that on the same day Mrs N wanted to set up Apple Pay on her phone, a fraudster had called her trying to trick her into disclosing information to enable them to make payments from T's Monzo account using Apple Pay. But, on balance, I don't think this is the most likely explanation.

Monzo has said its fraud team suspect there is a possibility Mrs N may be the victim of a scam and was tricked into authorising the disputed transactions, but Mrs N is sure that she did not authorise them in any capacity. Having carefully considered all of the available evidence, I also find it's most likely that Mrs N did authorise the disputed transactions (possibly as a result of a scam), but is either unsure, or is withholding information as she believes it would impact her fraud claim negatively in some way.

As I'm satisfied the disputed transactions were made from Mrs N's own Apple Pay device, there is no explanation as to how anyone other than Mrs N would've been able to authorise them. Even if Mrs N had approved a notification that appeared on her phone whilst she was under pressure and in a busy environment, under the relevant regulations, Monzo would still be entitled to treat them as authorised by Mrs N. The evidence also shows that Mrs N was using her Monzo app at the same time the disputed transactions were processed, which adds to my belief that she authorised them.

I know Mrs N has questioned why Monzo allowed the disputed transactions totalling £630 to debit T's account without question. Especially because it prevented a transaction of £0.43 from being processed earlier the same day. I appreciate that a firm can't reasonably be expected to intervene on all transactions that may be unusual account behaviour. There's a balance a firm needs to strike between identifying unusual payments and ensuring minimal disruption to legitimate ones. And considering that after Monzo had flagged a transaction Mrs N unblocked her card within the Monzo app, I don't find Monzo were wrong for allowing the transactions that followed without further questioning. I say this because the unblocking of the card could've been seen by the bank as a representation that the activity was genuine. But, even if this hadn't happened, I don't find the disputed transactions were so out of character that Monzo should've had cause for concern that T's account was under attack from fraud.

I appreciate this will come as a huge disappointment for Mrs N. But I don't require Monzo to do anything further here.

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 T to accept or reject my decision before 19 February 2026.

Lorna Wall
Ombudsman