

## The complaint

Mr R complained because Monzo Bank Ltd refused to refund him for a transaction he said he didn't make, and then closed his account.

## What happened

On 6 March 2024, Mr R was on holiday abroad. He made the following undisputed transactions:

- at 9.23 am, a payment at a food store for the sterling equivalent of £10.12, after which the balance was £49.99;
- at 11.19 am, a £5 payment to his girlfriend, after which the balance was £44.99;
- at 13.25:52 pm, he made a £50 credit to his account. This credit brought the balance to £94.99.

At 13:26:21 pm, 29 seconds after the credit, there was a contactless payment to a train company, close to the location where the food store payment had been made. This was for the sterling equivalent of £89.13. It brought the balance to £5.86.

At 13:34 pm, Mr R froze his card and contacted Monzo to report that he hadn't made the £89.13 payment to the train company.

Monzo didn't agree to a refund. On 15 March, it wrote to Mr R saying that unfortunately it wasn't something it could treat as a fraudulent transaction, so it wouldn't reimburse him. It said its decision was based on the timeline of events, which suggested it wasn't possible for anyone else to have authorised the transaction. Monzo said that if Mr R wanted to speak to the merchant direct, it could give him the information it would need to locate the payment and he could take it up with them.

Monzo went on to say that in line with its terms and conditions, it reserved the right to close an account either instantly or with 62 days' notice. It had decided to close Mr R's account on 16 May, and said he should make sure his balance was at zero by then, and that he'd rearranged all scheduled payments. Monzo added that it retained the right to close his account instantly if the situation changed.

Mr R complained.

Monzo issued its final response to Mr R's complaint on 26 March. It said that:

- its investigation of the disputed transaction had been thorough and had reached the correct conclusion;
- it wouldn't change its decision to close Mr R's account. It said Mr R had agreed to the terms and conditions when opening his account. It recognised that Mr R said that decision was unfair, but it couldn't give him more detail about the closure, and it didn't have to provide him with more information;
- it accepted that it had taken longer than expected for its fraud team to investigate, so it paid him £20 compensation.

Mr R wasn't satisfied and contacted this service.

Our investigator upheld Mr R's complaint. She thought it was more likely than not that Mr R hadn't authorised the disputed £89.13 payment. So she thought Monzo should refund Mr R for this, with interest, and with £150 compensation for the distress and inconvenience of closing his account. She also suggested Monzo should reconsider closing Mr R's account.

Monzo didn't agree, and asked for an ombudsman's decision.

### **My provisional findings**

I issued a provisional decision on this complaint. This was because I'd come to a different conclusion to the investigator. Issuing a provisional decision gave both sides the opportunity to comment on it, by the date set, before I issued a final decision

Before issuing the provisional decision, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

#### *Who's liable for the disputed transaction?*

In my provisional decision, I explained that there are regulations which govern 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. This means that what determines the outcome is whether it's more likely than not that Mr R, or a third party fraudster unknown to him, carried out the disputed transaction.

I took a number of factors into account in deciding whether it was more likely than not that Mr R authorised the disputed transaction. The transaction was contactless, so the process wouldn't have been to require any authorisation from, for example, the app on Mr R's phone. So I looked at all the circumstances around the payment.

The undisputed transactions which I've set out above show that after the food shopping and payment to his girlfriend, Mr R's balance was £44.99. This was too low a figure for Mr R or a fraudster to have been able to make the disputed £89.13 payment to the train company. But Mr R sent a £50 credit to his account just 29 seconds before the disputed payment was made. If this hadn't been sent, the train payment couldn't have happened.

I recognised that Mr R wouldn't have had to have had his Monzo card in his possession in order to send the payment to credit his account. And he later reported that he'd lost the card, but didn't know when. But it's a huge coincidence that the incoming payment which enabled the disputed transaction to be made, came into the account just 29 seconds before the disputed transaction. I didn't think it was likely that Mr R would have dropped his card and a fraudulent third party had picked it up, at the precise time when there was enough money in the account to pay for the train transaction seconds later.

And any such third party who took the card couldn't have known exactly how much money was in Mr R's account – because the technical records don't show any failed transactions before the disputed transaction. It's too much of a coincidence that any opportunist who found the lost card would have tried a speculative transaction for nearly the whole balance in the account, just a few seconds after the balance had been made up to cover it.

There were also no failed transactions after the disputed one. That's not typical behaviour for a third party fraudster. A fraudster tends to keep making transactions quickly, to maximise

their gain. I recognised that Mr R froze his card around eight minutes after the disputed transaction. But a fraudster might well have made more transactions within this time. And it was also a coincidence that Mr R noticed the loss of his card a short time after the disputed transaction.

Taking these elements into account, I thought it was more likely than not that Mr R carried out the disputed transaction himself. So my provisional decision was that Monzo didn't have to refund him, or pay him interest on that amount.

#### *Monzo's closure of Mr R's account*

Under the terms and conditions of the account, which Mr R accepted when he opened the account, Monzo has the right to close a customer's account by giving two months' notice. The terms and conditions also set out the circumstances in which Monzo may close a customer's account immediately. Monzo chose to give Mr R 62 days' notice. It told him of its decision on 15 March and closed the account on 16 May. Banks don't have to give reasons for closure, any more than customers who decide to close a bank account have to give reasons to their bank.

So I found that Monzo acted in accordance with the terms and conditions when it decided to close Mr R's account.

#### *Compensation*

As I found it's more likely than not that Mr R carried out the disputed transaction himself, I didn't require Monzo to pay Mr R £150 as our investigator suggested.

I considered the compensation that Monzo paid Mr R for the time it took to provide an outcome to his fraud claim. I considered that the £20 Monzo paid was fair and reasonable. Mr R raised the claim on 6 March, and Monzo issued its decision rejecting his claim on 15 March, with a final response to his complaint on 26 March. This is within the timescales set by the regulator, the Financial Conduct Authority for complaint responses, so I didn't consider Monzo need pay Mr R any more compensation.

#### **Responses to my provisional decision**

Mr R didn't respond by the date set for replies to the provisional decision.

Monzo accepted the provisional 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.

Having done so, I consider that my provisional decision was fair and reasonable in all the circumstances of this complaint.

#### **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 Mr R to accept or reject my decision before 31 December 2024.

Belinda Knight  
**Ombudsman**