

The complaint

Miss I complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost to a scam.

What happened

The background is known to both parties. I won't repeat all the details here.

In summary, Miss I says she was searching for flights online and came into contact with what she believed was a genuine travel agent (I'll call 'X'). She was led to believe that X would be able to provide some benefits and discounts if she booked through them. She later discovered she'd connected with a scammer and a clone of a legitimate company.

The scammer told her she could pay part of the costs upfront and the balance once the booking was confirmed. She went on to provide X with her payment details and documents, thinking these would be used to book her flights. Her first 'instalments' were paid by card on 4 and 5 March 2024. And she received what she thought was a booking confirmation.

A few days later, X called her to say her payments hadn't been accepted by the merchant, that she needed to try the payments again, and that she'd automatically receive a refund if these proved unsuccessful. As a result, two more card payments were made on 8 March 2024. Another card payment was taken on 10 March 2024 when she was asked to try again one last time. She realised she'd been scammed when no flight tickets and no refunds were ever received and X stopped responding to calls and messages.

The matter was reported to Monzo in March 2024. A complaint was raised and referred to our Service. Our Investigator didn't uphold it. In her view, all the payments were 'authorised' as Monzo had been given instructions to make them, in line with its terms and conditions, and Miss I knew the money would be leaving the account. The Investigator also concluded there wasn't enough about the disputed payments for Monzo to have otherwise intervened on concerns that Miss I was at a heightened risk of fraud.

As the matter couldn't be resolved informally, it's 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 won't be upholding it for similar reasons as the Investigator. I know this will come as a disappointment to Miss I and I'm sorry about the impact the scam has had on her.

Authorisation

When a payment is disputed, the starting point in law is that the payer (Miss I) is liable for payments that they authorised and the payment service provider (Monzo) is liable for unauthorised payments.

Under the Payment Services Regulations 2017 (PSRs) which is the relevant legislation here,

a payment is authorised if it's correctly authenticated and consented to by the consumer, or on their behalf. The PSRs say that consent must be given in accordance with the form and procedure agreed between the payer and the payment service provider.

The relevant framework contract here are the terms and conditions applicable to Miss I's Monzo account. And, for the disputed payments to be considered authorised, Miss I would need to have given her consent as set out in those terms.

I've looked at the relevant terms and conditions. And these explain that Miss I can consent to making her payments in different ways – by entering her PIN, by entering a security code, or by proving it's her with fingerprint or facial recognition.

Monzo says the payments were authorised because they were approved in Miss I's Monzo *app* through the stronger authentication process known as 3DS. I can also see Miss I recalls approving them *in-app*. So while I recognise Miss I took the steps she did as part of a scam, I'm satisfied that under the PSRs the payments were authorised. This is because the relevant terms say the steps she took mean she gave consent for the payments to be made.

I've thought about whether it would be fair to hold Miss I liable given that, in parts of her testimony, she seems to suggest she thought the steps she took for some payments would allow her to receive a refund. But, having reviewed the payment screens she'd have seen at the time, I'm satisfied they were clear in that Monzo was asking her to 'approve' or 'decline' payments out of her account. So I don't think it would be fair to hold Monzo liable for part of her losses on this basis. And while I note Miss I's comments that the scammer tried to take more payments after the scam had been reported (and her card had been blocked), I don't agree this is evidence that its fraud prevention systems failed her in some way in relation to the payments in question. I'll add that there's no suggestion those later payment attempts were successful or that Miss I incurred further losses as a result.

Prevention

There are some situations where I consider that a firm (like Monzo) taking into account relevant rules, codes and best practice, should reasonably have taken a closer look at the circumstances of a payment – if, for example, it's particularly suspicious.

But in this case, considering Miss I's account history, the payment values, when they were made, and who they were made to, I don't think there was enough about any of them for Monzo to have stepped in on concerns that Miss I was at a heightened risk of fraud.

In reaching this view, I'm mindful the total loss, although not insignificant, was across a number of smaller transactions between 4 and 10 March 2024 and that all the payments were made to legitimate merchants. I don't think that a suspicious fraud pattern developed and I'm not persuaded by Miss I's suggestion that the transactions involving third-party agents (rather than payments directly to airlines) represented such a significant deviation in account use to the extent that Monzo should have made enquiries before processing them.

I also appreciate Miss I's comments that her other bank flagged some transactions as potentially fraudulent and blocked them except her first payment. But, like the Investigator, the actions of other banks are not something I can comment on here. And, for the reasons I've explained, I'm again not persuaded Monzo was at fault for processing the disputed payments in line with her instructions.

Recovery

The disputed payments were made by card and to legitimate merchants. As referred to by

the Investigator, Miss I's dispute is with the scammer – not the legitimate merchants who likely provided the goods and services as intended (just not to Miss I). In the circumstances, it's unlikely a chargeback claim would have been successful and I don't think Monzo did anything wrong by not taking things further with the relevant card scheme.

To summarise, I'm again sorry that Miss I was scammed and about the impact the whole experience has had on her. But for the reasons I've given, I can't fairly hold Monzo liable for the money she lost as a result of the actions of a cruel scammer. And I don't think there were significant other failings on its part that would otherwise lead me to uphold this complaint.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 23 September 2025.

Thomas Cardia
Ombudsman