

The complaint

Mr Y has complained that Monzo Bank Ltd won't refund transactions he says he didn't make or otherwise authorise.

What happened

Over the course of about two weeks in November 2024, various online card payments were made from Mr Y's Monzo account. Just after the transactions finished, Mr Y reported them to Monzo as unauthorised.

Mr Y said he'd lost his phone in early November, his phone was not protected, and he kept a record of his security details in his phone notes, which is how he thinks a fraudster used his account. He didn't replace the phone or report the matter until mid-November, as he thought his bank would block any fraudulent activity. He didn't have any evidence of losing his phone, or of reporting it missing, or of replacing it.

Monzo held Mr Y liable for the payments in dispute. They noted that Mr Y had reported the alleged fraud from the same phone he claimed went missing, and he continued to use that phone for his banking afterwards. They also noted that the payments had been verified using his phone's registered biometrics.

Our Investigator looked into things independently and didn't uphold the complaint. Mr Y wanted a final decision, so the complaint'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.

Broadly speaking, Monzo can hold Mr Y liable for the payments in dispute if the evidence suggests that he authorised them, or that he failed to keep his account safe either intentionally or through acting with gross negligence.

I'm reasonably satisfied that Mr Y authorised these payments, either himself or by giving someone else permission to make them. I'll explain why.

Mr Y was unable to provide any evidence of reporting his phone missing to anyone, such as his carrier, insurer, or the police; or any evidence of replacing it. So we have no evidence to substantiate that it was ever lost.

On the other hand, the technical evidence shows that Mr Y's device was used for the disputed payments, and he continued to use that exact same device to report the disputed payments, to talk to Monzo, and to operate his account after his report. To be clear, I don't just mean he used the same model of phone. Each individual device has unique identifiers, so we can see which individual device was used, and differentiate between devices even if they're the same overall model. And here, Mr Y continued to use the same phone which he claims was lost and never returned. I can also see that, on Mr Y's account with a different bank, he continued to use the same phone both before and after the point where he said it was lost. He also used it for his genuine activity on that account during the disputed period.

So I'm reasonably satisfied that Mr Y's phone remained in his possession. We can then reasonably rule out his claim that someone permanently stole it and accessed his account that way. I'm afraid this also means that I cannot reasonably rely on Mr Y's testimony, given that the evidence disproves his central claim.

The IP addresses used during the disputed period match the IP addresses which Mr Y used himself for his genuine activity both before and after. So they were made on the same connection he used, with the same provider. Again, this makes it seem very unlikely indeed that the payments were made by a thief, and instead fits with them being authorised.

The disputed payments were authenticated using the registered biometrics on Mr Y's phone. Mr Y also used his registered biometrics – on that same phone – to verify his identity to Monzo when he called them to report those same disputed payments. And he used his biometrics via his phone to authenticate his genuine undisputed activity on his other account at the other bank during the same period. So again, this strongly evidences that Mr Y authorised the payments in question.

During the disputed period, it appears that Mr Y got in touch with Monzo via his chat function to complain when one of the payments was delayed. He also seems to have been checking his account at the time. Since – per the above – it seems that Mr Y retained possession of his phone and that his registered biometrics were used to access his account, it seems most likely that this was Mr Y. And it's not likely or plausible that Mr Y would try to get Monzo to put through payments he didn't consent to, or that he'd wait so long to report them when he'd have been reasonably aware of them at the time. It's more likely they were authorised.

The disputed payments went to a category of merchants which fit with similar payments Mr Y made during his genuine, undisputed activity. Indeed, Mr Y used two of the merchants himself outside of the disputed period. He also received credits from the merchants who he's since disputed using. Some of the disputed spending appears to be gambling, and gambling winnings can usually only be paid back to the same payment method, which appears to be what might've happened here. So there'd be little point in a fraudster taking control of Mr Y's account just to gamble – any winnings would just go back to Mr Y. Similarly, there were disputed payments made to Mr Y's own account. And it's not very likely or plausible that a thief would pay money to their victim.

While the following are more minor points, it's also notable that Mr Y reported the matter just minutes after the last disputed transaction, and whoever was making the disputed payments stopped attempting them at the point of Mr Y's report. It's not very likely or plausible that a thief would know exactly when Mr Y reported this, whereas it fits with the payments being made with Mr Y's knowledge. Similarly, I might've expected a thief to try to take as much money as possible, as quickly as possible. And if a thief had Mr Y's phone and full access to his account, they could've drained it quickly. But the disputed payments were spread out over a significant period, and a substantial balance was left remaining. So again, it doesn't seem likely that a thief made these payments.

So it's not likely or plausible that these payments were unauthorised. Instead, the evidence supports them being authorised.

With that said, even if I were to accept Mr Y's claim – that the payments were made by a thief who stole his unprotected phone containing an unprotected record of his security details – I'm afraid I still could not fairly tell Monzo to refund the payments.

Because if that were the case, it would mean Mr Y failed to keep his account safe in line with the terms and conditions. It may be that he did this knowingly, or by not taking enough care. But it is widely understood that keeping a clear record of your security details on a phone with no protection is exceptionally risky, since anyone who has the phone is then able to use the account. And if such a phone were to go missing, it would be unreasonable to not tell the bank for nearly two weeks. So Mr Y would still be liable for the transactions on the basis of a failure to keep his account safe either intentionally or through acting with gross negligence.

Mr Y argued that Monzo should've blocked the payments to check who was making them. But given that the payments were made on his usual phone, using his registered biometrics, from IP addresses he'd used before, to merchants which fit with his previous usage, with a substantial balance available, and with contact seemingly received from Mr Y to confirm the spending as genuine, I think Monzo had sufficient reason to think these were authorised. I don't think they needed to carry out further checks about who was making the payments.

So in view of all the evidence above, I find that Monzo can hold Mr Y liable for the payments in dispute, on the basis that he either authorised them or he failed to keep his account safe intentionally or through acting with gross negligence. Monzo do not need to refund the payments. To clarify, the few refunds Mr Y did receive were from the merchants, not Monzo.

Lastly, I appreciate Mr Y is unhappy that Monzo closed his account. But in a similar way to how Mr Y can choose who he banks with, Monzo can broadly choose who banks with them. I can see they closed the account in line with the terms and conditions. So I don't think they did anything substantially wrong there.

My final decision

For the reasons I've explained, I do not uphold Mr Y's complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 7 July 2025.

Adam Charles
Ombudsman