

The complaint

Miss P and Mr S complain that Monzo Bank Ltd has declined to reimburse a payment made as part of a scam.

What happened

In February 2024, Miss P was contacted by a scammer impersonating Monzo who persuaded her there was fraudulent activity on the account. After appearing to initially demonstrate that a payment could be made and refunded, Miss P was tricked into confirming a debit card payment from her joint account with Mr S in her banking app for just under £1,500.

Monzo declined to provide a refund on the basis that the payment was authorised. But it did pay £45 compensation for customer service related issues.

When Miss P and Mr S referred the matter to our service, the investigator didn't uphold the complaint. In summary, they considered Monzo had acted fairly in treating the payment as authorised and they didn't think Monzo ought to have done more to prevent or recover the loss in the circumstances.

Miss P and Mr S didn't agree, they said Miss P made the payment believing it would be refunded and didn't provide informed consent. They raised concerns about Monzo's security and that they thought it ought to have done more to help them.

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.

Miss P and Mr S have made several detailed points about the complaint which I have only summarised above. But I'd like to reassure them that I have considered their submissions in full. And I hope the fact that I do not respond in a similar detail here will not be taken as a discourtesy. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made, but to consider the circumstances as a whole.

Has Monzo acted fairly in treating the disputed payment as authorised?

The relevant law here is the Payment Services Regulations 2017 (PSRs) – these set out the circumstances in which a payer (here Miss P) and a payment service provider (here Monzo) are liable for payments. As a starting point, Miss P is liable for payments that she authorised and Monzo should reimburse unauthorised payments.

It's common ground that the scammer likely initiated the disputed payment and that Miss P was tricked into confirming it in her banking app. In practice by completing this stronger authentication step, and confirming it was her using her biometrics, Miss P did authorise the payment and provide consent under the applicable account terms and conditions. It's not in

dispute that she did this believing the payment would then be reimbursed later.

I appreciate scammer used sophisticated techniques to convince Miss P she was speaking to Monzo fraud team and that she was coerced into approving the payment. But the test I must apply is whether Miss P completed the agreed steps to authorise a payment rather than why she did so.

So, for these reasons I think Monzo has acted fairly in treating the payment as authorised.

Should Monzo have done more to prevent Miss P and Mr S's loss?

In broad terms, the starting position at law is that a payment services provider such as Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the PSRs and the terms and conditions of the customer's account.

But, taking into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Monzo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances

I have reviewed Miss P and Mr S's account statements and the payment they are disputing. Having considered when it was made, its value, and who it was made to, I'm not persuaded Monzo ought to have found it suspicious, such that it ought to have made enquiries of Miss P or Mr S before processing it.

I understand Miss P says the smaller transaction being refunded before the disputed payment took place should have raised concern, but I don't agree this created a pattern that would have warranted an intervention in the circumstances.

For these reasons, I don't think Santander missed an opportunity to prevent Miss P and Mr S's loss.

Could Monzo have done anything else to recover Miss P and Mr S's money?

I understand Miss P thinks Monzo ought to have done more such as reversed the payment when she reported the scam, but it wouldn't have been able to do this as it had already been processed. This is the case even if when the payment shows as pending.

As the disputed payment was an online card payment, a recovery option that would have been available to Monzo would have been through the chargeback scheme. This is a scheme run by the card scheme provider to resolve payment disputes between customers and merchants – subject to the rules they set. As the scheme is voluntary and limited in scope, Monzo wouldn't be expected to raise a claim that it thought had no prospect of success.

As this involves an authorised payment to what appears to be a genuine merchant, a chargeback would be unlikely to succeed. There's no evidence to suggest that the goods/services weren't provided in this case, though likely not to Miss P or Mr S, so I don't think Monzo needed to do anything further in the circumstances.

Other considerations

While certain reimbursement schemes have been mentioned including the Contingent Reimbursement Model (CRM code) – these don't apply to card payments.

Miss P and Mr S have made a number of points about Monzo's security, unfortunately scammers are very sophisticated and it's common for them to use their knowledge of payment services provider's communications and systems to mimic them and appear genuine. Our service isn't the regulator; and it isn't our role to tell businesses how they should set out their messages for example. Rather our role is to look at individual cases and here I haven't seen any evidence that leads me to conclude Monzo is responsible for Miss P and Mr S's losses.

Monzo has paid Miss P £45 compensation in relation to customer service issues – I'm not making a further award in the circumstances. It isn't our role to penalise businesses and while I am sorry Miss P fell victim to a scam, I don't think Monzo is responsible for the impact this had.

My final decision

My final decision is that I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P and Mr S to accept or reject my decision before 19 September 2025.

Stephanie Mitchell
Ombudsman