

The complaint

Mr B complains that Monzo Bank Ltd has unfairly declined to refund a transaction made from his account after he was the victim of a scam.

What happened

In July 2024, Mr B says he was tricked into disclosing his debit card information relating to an account he held with another banking provider. Following this, he was contacted by a scammer who told him his accounts, including his one with Monzo, were under attack. And, to ensure the safety of his money, he was convinced to set up a 'cross-party bank agreement' insurance underwritten by the Financial Conduct Authority (FCA).

To set this up, he provided the caller with his Monzo card details, and was then asked to approve a transaction via his Monzo app. But was assured no money would leave his account. After questioning the scammer, he was reassured this was all genuine and approved the transaction as advised.

But Mr B then realised he'd been scammed and that £1,800 had been removed from his Monzo account. He contacted Monzo to report this and asked the bank to refund the money.

But Monzo didn't believe it was responsible for his loss.

Mr B raised a complaint about this, as well as the time the bank took to investigate his fraud claim, and the restrictions that were applied to his account. In response, Monzo said:

- It's disputes team review scam claims as quickly as possible, but at times of high demand, it can take up to 35 days.
- It reviews fraud reports in order that they were received to be fair to all customers.
- Mr B didn't take enough steps to check who he was paying and what for. Therefore, it wouldn't be refunding the £1,800 to Mr B.
- The account restriction was a temporary measure whilst Mr B's account was reviewed by a specialist team. Monzo followed its processes correctly. But it was sorry for any disappointment caused to Mr B.
- It was sorry that some of Mr B's questions in its chat feature went unanswered. It paid Mr B £50 compensation because of this.

Mr B referred his complaint to this service where it was considered by one of our investigators. She didn't believe Monzo should refund the £1,800 to Mr B, in view of the way he had approved the payment to be made, albeit under false pretences. Mr B remained unhappy. He said he'd contacted Monzo within moments of the disputed payment being authorised and is of the belief that Monzo had the power to delay this transaction while it was still pending if it suspected fraud. But it didn't take this action. He reiterated that he'd been the victim of a sophisticated scam and at the time, was genuinely of the belief that he was approving a pre-authorisation, and not a transaction.

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 realise this will be very disappointing news for Mr B, but I've reached the same conclusions as our investigator, for broadly the same reasons.

It's accepted by all that Mr B fell victim to a cruel scam. I'm really sorry that this has happened to him, and the impact that this has had too. This can't have been an easy time for him at all. It's clear that Mr B feels very strongly that Monzo could've done more to help him here. Including raising a chargeback after the disputed transaction had debited his account.

Being the victim of a scam doesn't mean the bank is automatically required to provide a refund. And in reaching this decision, I must consider what's fair to both Mr B and Monzo in the overall circumstances of the complaint, whilst taking into consideration the relevant regulations.

Mr B says the disputed £1,800 payment from his account wasn't authorised by him. Because he believed he was only approving a pre-authorisation. The regulations relevant to this case say that generally speaking, Mr B would be liable for authorised payments, and Monzo would generally be liable for unauthorised ones. And I've carefully considered this when reaching my decision for this complaint.

It's also important to note that Mr B has referenced Authorised Push Payment (APP) fraud, as well as the CRM code when it comes to APP scams. As our investigator has already explained, Mr B's disputed payment doesn't meet the criteria of an APP scam, because it was a card payment. Card payments aren't push payments but 'pull' payments. And so these considerations Mr B has referenced aren't applicable here.

I've seen Monzo's technical evidence. From this, I'm satisfied that the £1,800 transaction was correctly authenticated using Mr B's card information. The Payment Service Regulations 2017 explain that Mr B must have given his consent to the execution of the payment transaction.

This is usually given when Mr B completes the steps agreed for making a payment. And for the purposes of whether a payment is authorised, it doesn't matter if Mr B was deceived about the purpose or the amount of the payment – which I accept is what happened here. I realise Mr B didn't intend to give the scammer his Monzo card information for the purpose of making a payment; nor did he intend to give consent for the scammer to make any payments on his behalf. I appreciate this was under false pretences and that he was tricked into believing he was taking positive steps to protect his money; but, by approving the £1,800 transaction in the way that he did, I'm satisfied Mr B consented to the payment. And I find it fair for Monzo to treat it as authorised.

I've seen an example of the stronger authentication screen that I accept Mr B would've seen. And I find, on balance, that the screen would've been clear that the purpose of completing it was to approve a payment. And I'm satisfied that it would've displayed the name of the payee, the transaction amount, and the option to 'approve' or 'reject.' I realise that Mr B was told this was a pre-authorisation to insure his account up to the value of £1,800. And he's told us he questioned the name of the merchant (a trading provider) and was told this was the name of the insurance underwriter; but nonetheless, I've also considered that Mr B would've been familiar with the process of approving payments within his Monzo app. In the circumstances, I find Monzo acted appropriately by processing the transaction believing it was authorised by Mr B. And, whilst I appreciate that this transaction

was larger in value than Mr B's recent account activity at the time, I don't find the transaction would've been so alarming for Monzo that it should've triggered the bank's fraud detection systems, or that the bank should've taken further steps to check the legitimacy of the transaction before it was processed. And this is also because of the way it was approved in-app by Mr B.

I fully accept that Mr B wouldn't have knowingly sent his money to a fraudster. But Mr B was clearly drawn in by the scammer and believed he was taking positive steps to protect his money. These scams are ever evolving, and victims are often engineered to carry out certain tasks without realising the consequences – which I accept is what happened here. The fraudster clearly used their knowledge of Monzo's processes when creating this scam too. However, as mentioned, it doesn't matter if Mr B was deceived about the purpose or the amount of the payment to consider it as authorised in these circumstances.

It's correct that once a transaction is in a pending state, (unless picked up by Monzo's security systems before it was released), the bank wouldn't have been able to stop it. So that leaves the chargeback process for Monzo to follow in an attempt to recover Mr B's £1,800. Monzo said Mr B's disputed transaction would be ineligible for reimbursement under the scheme. This service considers raising a chargeback to be best practise if there is a reasonable chance of success. But here, the payment was made to a genuine online trading platform. And it would've most likely provided the service that was paid for, albeit to an individual other than Mr B. So, I don't think it's likely that Monzo could've recovered the £1,800 by using the chargeback scheme.

When I take everything into account, whilst it's not in dispute that Mr B fell victim to a scam, for the reasons I've explained above, I find Mr B authorised the disputed transaction, and therefore I don't require Monzo to refund the £1,800 to him.

Customer service

Mr B has also raised concerns with the service he received from Monzo after he raised his fraud claim. I've seen evidence of the chats Mr B had with the bank, and I've also listened to a call Mr B had with an advisor on 8 August 2024. Whilst it's clear the advisor tried to be as helpful as she could, she was limited in what she could tell Mr B by way of update, as his fraud claim was with a specific team that she wasn't a part of. I also accept that some of Mr B's questions went unanswered within the chat. And at an already difficult time for Mr B, having been the victim of fraud, I do find Monzo could've handled Mr B's fraud claim better, and provided better updates.

I understand Monzo has already paid Mr B £50 compensation as a result of the service it provided to him. I find this amount is fair in the circumstances; to cover the trouble and upset it's handling of Mr B's fraud claim would've caused to him. Therefore, I don't require it to do anything further here.

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 Mr B to accept or reject my decision before 24 November 2025.

Lorna Wall
Ombudsman