DRN-5392168

The complaint

Mr H complains that Monzo Bank Ltd ("Monzo") won't refund transactions he didn't make or otherwise authorise.

What happened

The detailed background to this complaint is well known to both parties. Briefly, in April 2024, Mr H contacted Monzo about two payments to a merchant which he said were fraudulent as they weren't made by him. The bank said the payments appeared to have been taken as part of a subscription service and it couldn't treat them as fraudulent because Mr H had approved the initial payment by completing additional authentication (3DS) in his Monzo app.

Mr H complained to Monzo before referring the matter to our service. He said he didn't approve either payment on his Monzo app and didn't know anything about the merchant or the subscription service offered.

Our investigator's research showed that the initial payment was a subscription order and the evidence provided by Monzo showed that it was 3DS approved on Mr H's device. As he'd confirmed that no one else had access to his device or knew his security credentials, the investigator concluded that it was Mr H who completed the 3DS approval. Therefore, it was authorised. And as it was a subscription order, the second payment (£39.99) would also be considered authorised.

Mr H disagreed and asked for an ombudsman's 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.

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

Under the Payment Service Regulations 2017 (PSRs), which is the relevant legislation here, a payment is authorised if it is 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 them.

Here the relevant framework contract are the terms and conditions applicable to Mr H's Monzo account. In order for the disputed payment to be considered authorised, Mr H would need to have given his consent as set out in the terms.

I've reviewed the relevant terms and conditions, and they explain that Mr H can consent to an online card payment in different ways – by entering his PIN in the Monzo app, by entering a security code, or by proving it's him with fingerprint or facial recognition.

Monzo says the payments are authorised because the first payment, which our investigator's research shows was the setting up of a subscription service by starting a trial period, was approved in Mr H's Monzo app through his PIN. The second payment was collected automatically after a few days.

Mr H submits that he didn't approve the payment in his Monzo app. The difficulty I have with what Mr H has said is that the technical evidence shows that there was only one device linked to his Monzo account – his device – at the time. And the 3DS approval happened on this device. Mr H has confirmed that no one else had access to his device. He's also told us that no one else knew his Monzo security credentials including his PIN, which was used to complete the 3DS approval (and set up a continuous payment authority for subsequent payments).

As I wasn't there, I can't say for sure what happened. But I only have to reach a decision based on the balance of probabilities, i.e., what I think is more likely than not to have happened. Having carefully weighed up everything, I can't fairly conclude that the payments were unauthorised. So, it wouldn't be fair or reasonable of me to tell Monzo to reimburse them.

I recognise that this will come as a considerable disappointment to Mr H. But in the circumstances, I'm not persuaded that Monzo can fairly or reasonably be held liable for his loss from the disputed payments.

My final decision

For the reasons given, 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 H to accept or reject my decision before 2 October 2025.

Gagandeep Singh
Ombudsman