

The complaint

Mr D complains Monzo Bank Ltd is holding him liable for payments which he didn't authorise – and has closed his account.

What happened

Mr D reports that, around 3am on 31 October 2024, he had been on a night out with friends and was outside the venue by himself. He had his phone out and unlocked, as he was about to book a taxi home, when an unknown person came up to him and took his phone. Mr D says he asked them to return it, but they turned their back to him. A minute or so later, they gave his phone back and walked off.

At 3:18am and 3:19am respectively on 31 October 2024, two payments of £350 were sent from Mr D's Monzo account to the same new payee. Mr D says he didn't make these payments, nor did he realise they had been taken at the time. He reports that, shaken up by what happened, he went back into the venue to find his friends and stayed for a while longer before getting a taxi home around 5am.

Mr D checked his Monzo account later that day, saw the payments, and reported them as fraudulent. He told Monzo his phone had been temporarily stolen and someone had sent themselves £700. But Monzo didn't agree to refund him – and also told him it would be closing his account.

When Mr D complained about Monzo's actions, it said the activity suggested he was the only person who could have authorised the payments – and the account closure had been handled in line with the account terms. Unhappy with this response, Mr D referred the matter to our service.

Our investigator didn't uphold the complaint. He found the payments were authenticated via face ID, and so didn't think it was likely they could have been made by an unauthorised person in the way described. He also said the IP addresses captured when the Monzo app was used suggested the payments may have been made at a different location. He concluded Monzo wasn't liable for the payments and had handled the account closure fairly.

Mr D has appealed the investigator's outcome. He has provided records showing he purchased drinks in the venue beforehand (the latest being 02:23am), along with a receipt showing he got a taxi home from near that venue shortly before 5am. He maintains the payments were made by the person who took his phone without his consent – suggesting they may have held the phone up to his face without him realising to access the app and make the payments.

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've decided not to uphold it. I've explained why below.

The relevant law here is the Payment Services Regulations 2017 (PSRs). Broadly, in line with the PSRs, the starting position is that Mr D is liable for payments he authorises – and Monzo is liable for unauthorised payments. As Mr D is alleging the unknown individual who took his phone made these payments without his consent, I've considered whether Monzo should therefore refund him.

I've thought about what Mr D has told Monzo, and us, about how this transpired. I can see that, when Monzo asked for further details about what happened, Mr D said he had face ID set up to access his Monzo app – and the only biometrics saved on his phone are for him. The audit information also shows Mr D's secure token (his face ID) was verified three times while the app was used to make these payments.

Mr D has suggested the individual could have disabled face ID in his settings, but that doesn't match the audit information. He alternatively suggested the individual may have held the phone up to his face without him realising. In my view, this seems unlikely.

To expand on this, Mr D told Monzo the individual who took his phone had their back turned to him, so he couldn't see what they were doing. And it appears that succeeded to the extent he wasn't concerned about/didn't think to check if they had used his Monzo app when he got his phone back (although he says he checked another banking app for an account he used more frequently, which wasn't affected).

If the individual had Mr D's phone with their back turned, and managed to successfully conceal what they were doing, it seems unlikely they would have been able to get into a position to activate Mr D's face ID three times without him realising.

The actions of the individual also seem somewhat unlikely. It seems unusual that an unknown fraudster would make two payments, rather than one, given the additional steps – and time – required. And that they would return Mr D's phone to him after doing this.

I do think the IP address information raises further uncertainty about what occurred. I accept Mr D's information about where he was (i.e. at/outside the venue) before and after these payments were made. And, as I have addressed with him, there is a limit to how much weight I think can reasonably be placed on the precision of this evidence.

That said, the IP addresses Monzo's audit information records being used when the payments were made do suggest the payments may have been made at a different location to the venue. They also appear multiple times in the audit history on different dates. Meaning it does look like the payments were made from somewhere Mr D frequently visited when accessing his Monzo app. So, this does at least leave open the possibility that the payments were made at a different location to the one Mr D reported.

I don't consider the IP information in isolation conclusive. But in conjunction with the other factors I have set out above, I think there is considerable reason to doubt the plausibility of the explanation given for how these payments could have been completed by an unauthorised person. In those circumstances, I consider it reasonable for Monzo to treat these payments as authorised – and to therefore hold Mr D liable.

I also agree with the investigator that the nature of the account activity didn't look so alarming that it was remiss of Monzo to allow the payments to be made. Under the PSRs, it has a duty to process authorised payment instructions without undue delay. I don't think it had much reason for concern here, given that its audit information would have shown the payments to have been securely verified. Nor have I found any other reasons why Monzo should have been significantly concerned about the character of the payments (such as their size or destination).

I'm also satisfied Monzo acted fairly in closing Mr D's account. In line with the terms and conditions of the account, which Mr D agreed to by opening the account, Monzo is allowed to close an account by giving at least two months' notice – as it did here. In any event, while I do appreciate it would have been frustrating for Mr D that Monzo closed his account, I think the impact of this would have been lessened due to this not being his main account.

I do accept Mr D has likely lost out here. But having carefully considered all the circumstances, I'm not persuaded it would be fair for me to hold Monzo liable and direct it to refund his loss.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 August 2025.

Rachel Loughlin
Ombudsman