

## **The complaint**

M, a limited company, complains that Monzo Bank Ltd won't refund a payment made as part of a scam. The complaint has been brought by its director, Mrs L.

## **What happened**

In December 2023, Mrs L received a call purportedly from Monzo's fraud team about suspicious activity on M's business account. Under the belief that the individual was assisting her in securing the account and reversing a £2,000 fraudulent transaction, Mrs L followed the caller's instructions and approved a notification in her Monzo app. However, in practice, the step Mrs L took approved an online card payment for £2,000.

Monzo declined to refund the payment on the basis that it was 3DS verified in the Monzo app, and it considered this amounted to consent. The bank paid £50 compensation for the inconvenience and upset caused to Mrs L due to some issues found in its investigation of the complaint.

Our investigator concluded that it was fair for Monzo to treat the disputed payment as authorised. They also thought it wasn't unreasonable for the bank to have processed the transaction as it wasn't unusual or out of character, and recovery via chargeback was more likely than not to have been unsuccessful.

Mrs L didn't agree and asked for the matter to be reviewed by an ombudsman. I contacted Mrs L informally, as I'm allowed to under our rules, and said I intended agreeing with the overall outcome that the investigator had reached. I also took the opportunity to address some other points that she'd raised while pursuing this complaint.

Mrs L has asked that a formal decision be issued.

## **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.

Where evidence is incomplete, missing or contradictory, I need to determine what I think is more likely than not to have happened. I do this by weighing up what I do have and making a finding on the balance of probabilities.

Although I've only summarised the background, so not everything that happened or has been argued is mentioned, I'd like to reassure both parties that I've considered everything provided in its entirety, including Mrs L's response to my provisional findings. While I appreciate her frustrations, my role isn't to comment on every point or question raised. It's to deal with the crux of the complaint. Ultimately, the complaint in this case revolves around Monzo processing a £2,000 card payment which Mrs L says it shouldn't have.

It's very unfortunate that M has lost money to a scam. But Monzo doesn't automatically become liable to reimburse it. As Mrs L says the disputed payment is unauthorised, the

relevant law here is the Payment Services Regulations 2017 (PSRs). The starting point is that M would generally be liable for an authorised payment, and, with some exceptions, Monzo would generally be liable for an unauthorised payment.

*Is it fair for Monzo to treat the disputed payment as authorised?*

Under the PSRs, a payment is authorised if it is correctly authenticated and consented to by the customer, or on their behalf. The PSRs say that consent must be given in accordance with the form and procedure agreed between the parties.

In other words, consent happens when Mrs L – on behalf of M – completes the steps agreed for making a payment. It's also possible for someone else to act on Mrs L's behalf and complete some or all of the steps involved. And for the purposes of whether a payment is authorised, it doesn't matter if Mrs L was deceived about the purpose or amount of the payment.

Here the relevant framework contract are the terms and conditions applicable to M's Monzo account. In order for the disputed payment to be considered authorised, Mrs L – on behalf of M – would need to have given her consent as set out in the terms.

I've reviewed the relevant terms and conditions, and they don't explicitly set out how consent is given for an online card payment. So, I've thought about what practical steps are needed to make an online card payment. It seems that Mrs L's card details (long card number and associated security details) would have been needed to give the payment instructions on the merchant's website, and, if prompted, additional authentication in the form of entering a one-time passcode or completing biometric verification.

I accept that Mrs L didn't use her card to initiate the payment on the merchant's website – it was the scammer who did that. But in order for the payment to be processed, Mrs L was required to approve it in her Monzo app. The technical evidence Monzo has provided confirms that the payment went through this additional approval in the form of 3DS verification.

Mrs L says the pop-up notification she saw and engaged with at the time looked different to the notification which usually comes up. She believes the scammer was able to get into Monzo's app and install a pop-up. But the technical audit data that Monzo has provided our Service confirms that the bank displayed *its* 3DS verification screen at the time of the disputed transaction. The data also shows that the payment was processed after 3DS verification was completed in the Monzo app.

Also, I consider it less likely that a scammer would have needed to phone Mrs L and ask her to complete some steps in the Monzo app if they were already able to access app and install a pop-up notification like Mrs L believes. If they were able to gain access, they would have also been able to complete the verification step without requiring Mrs L's involvement. The more likely explanation, as supported by the technical data, is that the scammer needed Mrs L's involvement in accessing the Monzo app and responding to a genuine approval notification.

I've reviewed the approval screen that Monzo says Mrs L would have been presented with in the app at the time of the payment. It appears at the bottom of the screen and says, "Review payment". It details the merchant, the payment amount, as well as the time of the payment. The options are to "decline" or "approve". Having studied the approval screen, I think it's clear that the purpose of completing it is to approve or decline a payment.

While I appreciate the circumstances in which Mrs L did this, by pressing 'approve' a representation was made to Monzo that she was aware of the payment and that she consented it to being made. And given the clarity of the content on the screen, I consider it both fair and reasonable for Monzo to rely on this representation and treat the disputed payment as being authorised.

What this means is that in the first instance, M would be considered liable for the loss it suffered as a result of this payment.

*Is there any other reason it would be fair for Monzo to be held liable for the disputed payment?*

Under regulations and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. There are some situations in which a bank should reasonably have taken a closer look at the circumstances surrounding a particular payment. For example, if it was particularly suspicious or out of character.

Having reviewed the previous activity on M's account, I acknowledge that the disputed payment amount of £2,000 is higher in value than any other previous. But that in and of itself doesn't mean that Monzo should have taken additional steps. I say this because it isn't unusual for a one-off larger value payment to be made every now and then. Even more so where business accounts are concerned, where it is generally accepted that the account activity would differ to spending on a personal account.

I can appreciate that with hindsight and personal knowledge of her business why Mrs L feels the payment was so out of character. But I'm not persuaded that the bank's fraud detection systems should have seen it that way – and Monzo can't reasonably be expected to check each payment for some of the more specific details Mrs L has raised.

Also, the fact that the payment was approved in its banking app on a trusted, or registered, device would have given Monzo reassurance that it was being made by its genuine customer. I fully recognise Mrs L's strength of feelings on this matter, but I don't consider the payment warranted further intervention.

Once the payment was authorised and processed, Monzo wouldn't have been able to stop the funds from leaving the account – even if the payment appeared as 'pending' at first. As the payment was made using a debit card, the only avenue for recovery would have been via the voluntary chargeback scheme. It is run by card scheme operators such as Visa or MasterCard. A dispute can only be raised for a limited number of reasons, and it can only be against the merchant the payment went to. Also, a payment service provider doesn't have to raise a chargeback if there are no prospects of success.

Given the nature of the payment involved here – loading funds on a cashback card – there were no prospects of success given the funds were successfully loaded, and, from what we know, subsequently spent. Therefore, I don't consider Monzo acted unfairly by not raising a chargeback when I'm not persuaded that it would have been successful.

Mrs L has also raised concerns about Monzo's handling of claim and later complaint. I accept that she's very unhappy and has experienced personal distress when dealing with Monzo over this issue. But under our rules I can only make an award to the eligible complainant. Here, the complaint concerns M's business banking account. M is a limited company and so a separate legal entity in its own right. When considering complaints from non-personal complainants, I can't consider personal distress suffered by individuals

connected to it. So, while I can see that Monzo has paid £50 compensation for the inconvenience and upset caused to Mrs L, I'm unable to comment on this.

In conclusion, I know how disappointing this outcome will be for Mrs L. Not least because of how long this complaint has been ongoing. But overall, I'm satisfied that it's fair for Monzo to have deemed the payment as being authorised and I'm not persuaded it is at fault for M's loss. So, while I appreciate that M is a victim here, it wouldn't be fair for me to hold Monzo responsible for its loss.

### **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 M to accept or reject my decision before 7 November 2025.

Gagandeep Singh  
**Ombudsman**