

The complaint

Mr R is unhappy that Monzo Bank Ltd won't refund money he lost from a scam.

What happened

In mid-June 2024, Mr R received a text message with a passcode supposedly from Monzo, which asked him to call a number if he hadn't requested it.

Mr R did this and spoke with fraudsters posing as Monzo, who led him to believe he'd need to approve a transaction as part of their investigation into his account. As a result, a card payment for £764.35 left his account.

Mr R disputed the payment with Monzo on the day it happened, and he later raised a complaint as he hadn't heard the outcome. In early July 2024, Monzo said it wouldn't refund the payment because he didn't take enough steps to check who he was paying and what for. A few days later, it responded to the complaint that the matter was handled in the way it expected.

Unhappy, Mr R brought his concerns to our service to investigate.

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 reached the same outcome as our investigator for these reasons:

It's not disputed that Mr R was the victim of a scam. There are very distressing experiences, and I'm sorry to hear about what he's been through, both emotionally and financially.

My role is to consider whether it's fair to hold Monzo, as his bank, responsible for his losses from the scam. There are various rules and codes that mean victims of scams ought to be refunded in some circumstances. But to be clear, there isn't an overarching, general expectation that banks ought to refund victims of scams.

For a card payment like the one in dispute here, the starting position is that Monzo is liable for unauthorised payments and Mr R is liable for authorised payments. Accordingly, that is my first question.

Was the disputed payment authorised?

Whether a payment is authorised is governed by the Payment Services Regulations 2017 (PSRs). Broadly, these say that Mr R, or someone acting on his behalf, must consent to the payment being made. The PSRs specify how consent is given: it must be in the form, and in accordance with the procedure, agreed between him and Monzo.

This means that what constitutes consent is an objective test – it's whether Mr R went through the steps that amount to consent in his agreement with Monzo (so the terms and

conditions for the account). It doesn't depend on whether he intended or wanted the payment to happen, or understood all the details of it.

Here, it hasn't been disputed that Mr R approved the payment via his Monzo App, which is one of the ways he can consent to a payment in Monzo's terms and conditions. It follows that, while I accept he was cruelly tricked, I'm satisfied it was an authorised payment in line with the PSRs. This means that the starting position is that Mr R is liable for his losses.

Should Monzo have recognised Mr R was at risk of financial harm from fraud?

While the starting position is that Mr R is liable for the disputed card payment, I have also considered whether Monzo ought to have identified that this payment was suspicious and stepped in before it was made.

Monzo, like all banks, have to balance protecting Mr R from fraud with its legal duty to make the payments he tells it to. Here, I've noted it was a single payment and the destination didn't look particularly alarming (it wasn't, for example, cryptocurrency-related which tends to carry a higher risk of fraud). And while it must have been a lot for him to lose, I'm mindful of the volume of payments of this size that a bank like Monzo processes and the impracticalities of stopping every payment like it.

Taking this all into account, I don't think it was unreasonable that Monzo processed this payment in line with the instructions without completing further checks.

Did Monzo act fairly in trying to recover Mr R's losses?

As well as whether Monzo ought to have prevented his losses, I've considered whether it could have done more to recover them.

Given it was made by card, I've considered whether Monzo ought to have pursued a chargeback claim, which is a voluntary scheme run by Mr R's card issuer which can provide a refund in certain circumstances. But given how the payment was made (a card payment using 3D Secure) and the specific rules of the scheme, I don't think there were any reasonable chances of a successful chargeback claim.

I've also considered that when a card payment is made, it can't simply be stopped by the bank – because the merchant has already been promised that money. So while Mr R reported the matter quickly, I don't think Monzo could've done more here to get the money back.

Did Monzo handle the dispute appropriately?

I recognise it took a few weeks for Monzo to reach an outcome to Mr R's dispute and complaint. Ideally, this would've happened sooner, but I don't find the delays were such that I'd suggest compensation. Particularly because I think the driving force of Mr R's disappointment and frustration would've been the outcome reached, which I don't find was unreasonable in the circumstances.

Conclusion

I have considered this matter carefully, including Mr R representative's points that he was unprepared for how being online opens him up to scams. But I don't think this makes Monzo specifically responsible for failing to stop or recover his losses. Afterall, it's tricky to see that any bank could ever entirely prepare someone for the dangers of being online, given the breadth and extent of the risks.

I've also noted the point that, given how the scam happened, this could've have happened internally at Monzo. I've not seen anything that makes me think some sort of 'inside job' was more likely here than any of the other numerous ways criminals will get what they need to scam victims (like phishing websites for example). So this doesn't change my mind.

I appreciate this will be disappointing news for Mr R, particularly as he's ultimately a victim in this situation and has been through a lot. But for the reasons I've explained, I don't think I can reasonably tell Monzo to refund this.

My final decision

For the reasons I've explained, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 17 June 2025.

Emma Szkolar
Ombudsman