

The complaint

Mr S complains Monzo Bank Ltd allowed fraudulent transactions to debit his account after he'd reported his debit card missing and it was blocked.

What happened

Mr S reported his debit card stolen on 11 December 2024. He later discovered transactions had been debited from his account on 12, 13, 19, 20 and 25 December 2024. He reported these transactions to Monzo as fraudulent. He was also unhappy the transactions debited his account despite the card being blocked.

Monzo refused to refund the transactions. So Mr S complained. Monzo responded to say the transactions debited his account because of the way the merchant processes payments so it hadn't done anything wrong in allowing them to debit Mr S' account. Monzo still refused to refund them. So Mr S referred his complaint to our service.

An Investigator considered the circumstances. He said, in summary, Monzo should have refunded the transactions when Mr S reported them – as there was no evidence he authorised them. But Monzo hadn't done anything wrong by allowing them to debit the account, since that related to the way the merchant had processed the payments. He also recommended Monzo pay 8% simple interest on the refunded payments and pay Mr S £250 in recognition of the poor service it had provided.

Monzo accepted the Investigator's findings, but Mr S did not. He said he wanted compensation closer to £2,500.

So the complaint's 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.

Under the Payment Services Regulations 2017 ("PSRs"), generally, Monzo can hold Mr S liable for transactions if the evidence suggests that he made or authorised them.

Following our involvement, Monzo agreed to refund the disputed transactions. This is what I'd expect Monzo to do where the customer isn't liable for the transactions. So I'm satisfied this is fair and reasonable in resolution of this part of Mr S' complaint.

Mr S is unhappy that the payments in question were allowed to debit his account after his card had been blocked, having been reported lost/stolen before the transactions began. I can see both Monzo and our Investigator have explained to him the reasons for this, so I'm not going to repeat that explanation here. I know Mr S remains unhappy with that explanation but as the transactions have now been refunded, I'm satisfied that fairly resolves this part of his complaint.

Monzo also provided Mr S with a letter of apology and agreed to the Investigator's recommendations of paying 8% interest on the refund amount and £250 in recognition of the distress and inconvenience caused. Mr S says he'd accept compensation of £2,500.

I've reviewed the timeline of Mr S's fraud claim and complaint, including the chat history with Monzo. Monzo now accepts that Mr S' claim wasn't actioned correctly at the outset, because it was treated as "dispute" rather than a fraud claim. And I agree with Mr S that the delay in looking into the transactions properly will have caused him distress and inconvenience.

Mr S says this matter has caused him significant distress and inconvenience – and worry about the safety of his money with Monzo. Having considered the total value of the transactions in question, the poor handling of Mr S' contact with Monzo about them and the delay in refunding them, I'm satisfied £250 fairly reflects the distress and inconvenience caused to Mr S. Though I know he won't agree. And I'm further satisfied that Monzo paying 8% interest on the refunded amounts and issuing a letter of apology, is a fair way of resolving the complaint overall.

My final decision

For the reasons I've explained, I uphold this complaint.

To put things right, I require Monzo Bank Ltd to:

- Pay Mr S £250 in recognition of the distress and inconvenience caused.
- Pay 8% per year simple interest on the refund amount from the date it was debited until the date of settlement. If Monzo considers it's obliged to remove tax from this interest, it should tell Mr S how much it has taken off. Monzo should give Mr S a certificate showing how much tax is taken off if Mr S asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 October 2025.

Eleanor Rippengale
Ombudsman