

## **The complaint**

Ms R complains that Monzo Bank Ltd hasn't reimbursed a payment made as part of a scam.

## **What happened**

In September 2024 Ms R received an email purporting to be from a streaming service she had an account with. Under the guise that Ms R's payment had been declined and she needed to update her payment details, Ms R clicked on a link and proceeded to follow the steps provided. When Ms R noticed a payment for around £380 leave her account to a different merchant, she froze her card and contacted Monzo.

Monzo declined to reimburse the payment on the basis that it was authorised and that it was Ms R's responsibility to check who she was paying. When Ms R complained, Monzo paid her £30 compensation for a delay in progressing her fraud claim but said it had correctly declined her claim.

When Ms R referred her complaint to our service via a representative, the outstanding issue was that Ms R wanted Monzo to refund the disputed payment. The investigator didn't uphold the complaint - in summary they thought Monzo had acted fairly in treating the payment as authorised and they didn't think it ought to have done more to prevent or recover the payment in the circumstances.

Ms R didn't agree, her representative said Monzo should have stopped the payment when the scam was reported.

The investigator explained that Monzo couldn't have stopped the payment from leaving the account once it was processed. And they were satisfied Monzo had processed the payment correctly.

As an agreement couldn't be reached, the matter has been passed to me for consideration by an ombudsman.

## **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'm not upholding this complaint for similar reasons to the investigator.

It's common ground that Ms R has been the victim of a scam. However, this doesn't mean that Monzo is required to reimburse the payment. I've considered whether Monzo did anything wrong in processing the payment and once the matter was reported. I'll explain why I think it has acted fairly.

### Has Monzo acted fairly in treating the disputed payments as authorised?

Under the relevant law – the Payment Services Regulations 2017 (PSRs) – the starting point is that Ms R is liable for authorised payments and Monzo is liable for unauthorised

payments.

Where a payment is authorised, that will often be because the customer has made the payment themselves. But there are other circumstances where a payment should fairly be considered authorised, such as where the customer has given permission for someone else to make a payment on their behalf or they've told their payment service provider they want a payment to go ahead.

Here the disputed payment was a card payment – Monzo has provided evidence that it was correctly authenticated and that as part of the stronger authentication process it was approved in Ms R's banking app on her device. This process involves showing the user the payment amount and merchant before they select approve or decline. When asked about this, Ms R hasn't said she didn't complete this step in approving the payment.

Monzo has also shown that under the terms of Ms R's account, taking this step to approve a payment in its banking app is one of the ways Ms R can consent to this type of payment. On balance I think Ms R did approve the payment, though I do understand she thought she was paying a different merchant. It follows that I think Monzo has acted fairly in treating the payment as authorised.

#### Did Monzo miss an opportunity to prevent Ms R's loss?

In broad terms, the starting position at law is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the PSRs and the terms and conditions of the customer's account.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Monzo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I have reviewed Ms R's account statements. Having considered when the disputed payment was made, its value and who it was made to, I'm not persuaded Monzo ought to have found it suspicious, such that it ought to have made enquiries of Ms R before processing it.

For these reasons, I don't think Monzo missed an opportunity to prevent Ms R's loss.

I appreciate the payment was likely still pending when Ms R reported it. But as it was approved through stronger authentication, it had already been authorised and processed by Monzo, so Monzo couldn't have declined the payment at that point.

#### Should Monzo have done more to recover Ms R's funds?

As the disputed payments were made using Ms R's debit card, the relevant route to recover the payment would have been via the chargeback process. The rules are set by the relevant card scheme to settle disputes with the merchant.

Monzo would only be expected to raise a chargeback if it thought it had a reasonable prospect of success. Given how the payment was authenticated, it's unlikely a chargeback on the grounds of fraud would have been successful under the scheme rules. And as the payment appears to have gone to a genuine merchant, there's no evidence to suggest they didn't provide goods or services in return for the payment - even if this was to someone else. So, for the reasons explained, I don't think Monzo needed to do more to attempt to recover Ms R's funds once aware of the issue.

**My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 28 October 2025.

Stephanie Mitchell  
**Ombudsman**