

The complaint

Mr Y is unhappy that Monzo Bank Ltd didn't reimburse him after he said he'd been the victim of a scam.

What happened

Mr Y had a current account with an overdraft facility with Monzo. He also had a Monzo 'flex' credit facility.

In December 2023 Mr Y contacted Monzo to report he'd noticed some transactions on his current account that he didn't recognise. There was some confusion around which transactions were involved but in total Mr Y said he'd lost between approximately £1,600 and £2,100. Mr Y said he didn't make these payments and confirmed he hadn't given any of his bank details or security information to anyone else. These transactions caused the current account to go around £280 overdrawn.

On 2 January 2024, following its investigation into Mr Y's claim Monzo told Mr Y it wasn't going to reimburse the transactions he said he didn't recognise and had made the decision to close the account. It gave Mr Y two months' notice of this. Mr Y responded and said that he actually had authorised the payments himself and he'd been the victim of a scam and asked Monzo to look into things again.

While it considered the change in Mr Y's testimony, Monzo started contacting him about the overdue payments on his flex account. While this was happening, Mr Y was attempting to continue to use the flex account and asked Monzo if he could make cash withdrawals from this facility.

On 1 February 2024 Monzo informed Mr Y it was no longer looking into things and provided information about making repayments to his flex account. It advised the missed payments were being reported to credit reference agencies. On 2 March 2024 the accounts were closed and Mr Y no longer had access to the Monzo app.

On 16 March 2024, seemingly having agreed to look into things again, Monzo's fraud team contacted Mr Y ask to verify his identity so it could look into things. It chased a response before closing the claim.

On 4 April 2024 Mr Y contact Monzo and said he'd been trying to use the Monzo app in order to make repayments. He also asked if Monzo was still investigation his claim that he'd been scammed. In response, Monzo again asked Mr Y for confirmation of his identity which he provided to the complaints team on 15 April 2024.

On 18 April 2024 Monzo responded to Mr Y's complaint about the closure of the account, the interest and charges applied and the information reported to his credit file. Overall it said it had acted in line with its processes and didn't uphold the complaint. Mr Y was unhappy with this. He said he'd been told the situation would be considered once Monzo had looked into the fraud claim he'd raised. And this was still being investigated.

These concerns were passed on to the fraud team, who hadn't looked into things again sooner because the request for verification of his identity had been sent to the complaints team rather than in response to the fraud teams' email. Monzo considered the fraud claim again and confirmed on 17 May 2024 that it wouldn't be reimbursing Mr Y for his loss. It also pointed out that the money Mr Y had said he'd lost had been sent to an account in Mr Y's own name with another provider. So he was still in control of the funds when they left his Monzo account.

I issued my provisional decision on 24 July 2025. I said that:

Was Monzo acting unreasonably in not reimbursing Mr Y for the scam he said he'd fallen victim to

Mr Y contacted Monzo on 26 December 2023 to report unauthorised transactions on his account. He initially said the total amount taken was £1,652 and when Monzo asked for clarification he said five transactions were involved totalling £2,133.32. Mr Y confirmed on multiple occasions he did not recognise the transactions.

When Monzo told Mr Y it wouldn't be reimbursing Mr Y for his loss he said: "The only person that could have made [the payments] would be me so I believe I've authorised them but I know I have been scammed". He suggested the way the questions had been asked must've confused him.

Monzo did what I would've expected and asked Mr Y sufficient questions to understand the scam he says he'd fallen victim to. Mr Y wasn't able to provide much detail about the scam other than he said he was sending money to make money and he thought the person he was speaking to was genuine. He also mentioned a company called Palace and said he thought he was giving ratings and getting paid for this. He provided screenshots of messages he's said were between him and the scammer.

We've since asked Mr Y for further details of the scam and what exactly happened, and he hasn't been able to provide much detail beyond the information he gave to Monzo.

Having considered all of the information available in this case I think it's reasonable Monzo have held Mr Y liable for the transactions he's said weren't authorised by him and/or were made by him as part of a scam. In reaching this conclusion I've taken the following information into account:

- *It's not clear why there is such a discrepancy between Mr Y's versions of events. When he first reported the scam he said several times he didn't recognise or make the transactions. Monzo directly asked Mr Y if he believed the money had been*

sent without his knowledge, or if he approved it as part of a scam. Mr Y confirmed they'd been sent without his knowledge. He confirmed this more than once. He was also told there was a different process if he had made the payments himself as part of a scam and it was important he was clear on whether he made the payments himself. Mr Y confirmed he understood this, but confirmed he did not recognise the payments. After his claim was declined this story changed and he said he did in fact authorise them as part of a scam. He said that maybe the questions confused him. But I can see the question about whether or not Mr Y made the payments himself were asked clearly and more than once. I can also see Monzo explained the importance of Mr Y providing the correct information about this which he said he understood. So I don't think Mr Y has been able to provide a plausible explanation as to why his story changed so significantly.

- But, even so, Monzo has considered the possibility that Mr Y was scammed. And I don't think Mr Y has been able to provide a persuasive or plausible explanation for what the scam was, how he came into contact with scammers, what he believed he was doing or why he thought it was legitimate. He's said he thought he was getting involved in a genuine job with a genuine company but he's also said he ignored 'warning signs' while he was making payments. It's also not clear what legitimate job he believed involved 'sending money to make money', or what his understanding of the job was.
- Mr Y has provided messages he's said were between him and the scammer, that he's said he believed was a legitimate employer. But there's no date in the messages, there's not much detail around what the payments were for or what was agreed or arranged in relation to them. The messages all appear to take place across one day, and don't seem to include any information that explains how Mr Y came into contact with the scammers or how they persuaded him to start handing over his money. And it's not clear why these are the only messages Mr Y has or was able to provide.
- Mr Y has said both that he was moving money to make money, and that he was leaving ratings and receiving salary and a commission for this. It's not clear what he believed the circumstances were and as I've mentioned, it's not clear why he was convinced this was a legitimate job or business.
- Monzo has also provided evidence to support that Mr Y was sending money to an account in his own name with another provider. Mr Y doesn't appear to have disputed this when discussing the situation with Monzo and he also hasn't provided any information to explain why he was doing this or how it formed part of the scam he says he fell victim to. So, it's not clear how the other account in his name was involved, but based on the evidence available, it appears the majority of the payments Mr Y is disputing weren't sent to scammers from his Monzo account. It's not clear why Mr Y wouldn't have already known this, or why he wouldn't have also contacted this other provider about the claim given the money was presumably sent to scammers from this other account.

Overall, taking everything into account, I think Monzo has acted reasonably in holding Mr Y liable for the transactions he's disputing.

I understand these transactions left Mr Y's Monzo account overdrawn and I've said more about that below. But as a starting point, because I'm satisfied Monzo is acting fairly in holding Mr Y liable for the transactions, it follows that he will be liable for any outstanding amount due on the accounts.

Has Monzo treated Mr Y fairly with regards to the debt

Flex account

The balance of the flex account appears to have accrued due to Mr Y's use of the account and this doesn't appear to be in dispute. While Monzo was investigating Mr Y's fraud claim, it appears he stopped making the required payments to his flex account.

He says this is because he couldn't see messages in the Monzo app, but Mr Y was still using the messaging service and discussing how to continue using his Flex account while payments were overdue throughout January and February until the account was closed. And I've seen that Mr Y was discussing the account with Monzo during this period, albeit with a view to increasing the balance rather than reducing it.

I've also seen that following the account closure Monzo continued to contact Mr Y about the overdue payments by text message. So even after the account was closed, communication continued.

Given he had made repayments to it in the past it's not clear why he assumed he wouldn't need to do this while a fraud investigation linked to the current account was ongoing. I haven't seen anything to suggest or support Monzo led him to believe this was the case.

But, I'd also add that from 17 May 2024 Monzo had answered both his complaint and the fraud claim – pointing out that he had sent money to another account in his name with another provider. So from this point I think it was clear to Mr Y that Monzo was no longer looking into things. Following this, he still didn't make any repayment to the account.

It may be that Mr Y felt he was unable to meet the repayments due to the money he says he'd lost to the scam, but I can't see he tried to discuss this with Monzo or enter into any arrangement with it. And I've noted that on 3 May 2024 Mr Y said he would repay the debt if the adverse information was removed from his credit file. So I haven't seen anything to suggest Mr Y was unable to meet the repayments.

Monzo reported the account in default in September 2024 – around four months after Monzo gave its final answer that it would not be reimbursing Mr Y for the money he'd said he lost. Overall I think Mr Y had sufficient opportunity to contact it to discuss repayment if he wanted to. From what I can see he chose not to because he wished to continue discussing the overdraft and his scam claim. And whilst it was his choice to do this if he wished, I haven't seen anything to suggest Monzo led him to believe it wouldn't be continuing the debt recovery action it was taking.

Mr Y has said he couldn't make any repayments because he didn't have access to the Monzo app. I don't accept this. From what I can see payments were missed before Mr Y lost access to the app. But either way I can see that Mr Y was able to regularly speak to Monzo and I'm confident he was able to discuss how he could make repayments should he have wanted to do this.

Overdraft

Although Mr Y had an overdraft facility on his Monzo account before he says he was scammed, it's the payments he's said formed part of the scam that caused the account to go overdrawn by around £280. After the account was closed, the repayment of this overdraft became due in line with the terms and conditions of the account.

Monzo communicated with Mr Y via text message and email to explain what Mr Y's options for repayment were, where he could make repayments, an external organisation he could contact for support with any financial difficulties, contact details including telephone number and an email address he could contact to discuss the debt. This correspondence also explained that if repayments weren't made adverse information would be reported to credit reference agencies.

Mr Y has said he didn't make repayments to this account because he didn't have access to the app and couldn't speak to anyone on the phone. And Monzo has confirmed Mr Y likely would've had difficulty contacting Monzo on the general phone number. I accept it would've been confusing for Mr Y to be unable to contact it by phone as expected. But if the phone number provided to him didn't work I think it's reasonable to expect Mr Y would use other methods of contact such as the email address provided. I can see he was discussing numerous other matters with Monzo from the time the account was closed and I can't see that he has asked to make repayment in this correspondence.

So overall, I'm satisfied Monzo had communicated clearly with Mr Y and he was able to make repayments to the account. But I've taken into account that he's also said he didn't make payments because he was still corresponding with the fraud team who were looking into things for him.

I want to start by again saying I don't think Monzo did anything to lead Mr Y to believe that he didn't have to repay this debt while it considered his claim. And I've again noted that throughout March, April and May it was writing to him to confirm that he needed to get in touch regarding repayment following the closure of the account.

From 1 February 2024 I think Mr Y had been clearly told Monzo had completed its investigation. And Mr Y didn't seem to make any contact with it until after the account was closed over a month later and he didn't make any repayments in this time.

After this, in March 2024 Mr Y made a complaint to Monzo and provided verification of his identification on 15 April 2024 – around a month after Monzo asked for this. It's not clear why a third investigation into Mr Y's scam claim was carried out. But nevertheless it was, and an answer was given on 17 May 2024.

So Mr Y had a third answer from Monzo on 17 May 2024. And in this response, it pointed out the money had been sent to an account in his own name and therefore likely needed to be pursued, by him, with another account provider. And following this he made no attempt to make repayment or discuss a repayment plan.

So even if I were to accept that he didn't make repayment because he thought an investigation was ongoing, even when he'd received a final answer this still didn't prompt repayment.

I have considered how Monzo's delay might've impacted him. As I've said, it did receive verification of his identity on 15 April 2025 and didn't start its final fraud investigation until around 2 weeks later. So it potentially could've given Mr Y a final answer two weeks sooner than it did.

But given Mr Y didn't make any repayment to the account or attempt to discuss repayment after it gave him a response on 17 May 2024, I can't see any reason this would've been any different had it responded two weeks sooner. So, I don't think this delay ultimately impacted his ability to make repayment to the account.

I accept there wasn't very much time between 17 May 2024 – when Monzo gave Mr Y its answer – and June 2024 when the default was registered in relation to the overdraft. But if I were to say Monzo should've given Mr Y longer to make repayment, I think this would likely only disadvantage Mr Y.

As I've said, Mr Y has still made no attempt to repay the debt so I don't think the issue is that he wasn't given enough time between Monzo's final answer and the time the first default was applied. Adverse information remains on a credit file for a fixed amount of time – usually six years. So the later the default was applied, the later it will be removed. For this reason I don't think Monzo ought reasonably to adjust it to be added later than it was.

I also don't think the delays in starting the final investigation into Mr Y's scam claim delayed the recovery action or reporting the default. So I don't think the default should've been applied sooner than it was or that Mr Y has been disadvantaged in that sense either.

Overall, with regards to the debt – the overdraft and the flex account – I'm satisfied Mr Y was given a fair opportunity to discuss or arrange repayment and chose not to do so. I haven't seen anything to suggest the information Monzo has reported to credit reference agencies is inaccurate or unfair.

There was a delay of around two weeks in giving Mr Y the answer to the third scam investigation, and I think £125 fairly compensates him for this.

Account closure

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

Having reviewed all of the information available in this case I'm satisfied Monzo hasn't treated Mr Y unfairly in closing his account.

Mr Y responded to my provisional decision and didn't accept it. He remained of the view that Monzo should remove the adverse information from his credit file. Monzo responded to the provisional decision and confirmed it had no further comments for me to consider.

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.

Whilst I recognise that Mr Y still believes Monzo should remove all adverse information from his credit file, he hasn't provided any further evidence or information that I haven't already considered. Because of this, I'm not persuaded to depart from the conclusions reached in my provisional decision, outlined above.

Overall, I don't think Monzo has treated Mr Y unfairly in relation to the debt. However, Monzo has caused some delays and I think £125 is fair and reasonable compensation for this.

My final decision

I uphold this complaint and direct Monzo Bank Ltd to pay Mr Y £125. I make no further recommendation. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 1 September 2025.

Faye Brownhill
Ombudsman