

The complaint

Mr A complains that Monzo Bank Ltd has declined to refund disputed transactions that were made from his account.

What happened

On 9 October 2024, a number of transactions debited Mr A's account totalling £601.50. Mr A says he didn't authorise these transactions and when he discovered them, he reported them to Monzo as unauthorised and asked it to refund the money. But the bank didn't believe it was liable for his loss.

Unhappy with this, Mr A raised a complaint. In response, Monzo said:

- It's fraud team reached the correct conclusion, and it would be overturning the decision not to refund the disputed transactions.
- It had reason to believe the transactions were not fraudulent.
- It was sorry it failed to respond to a number of Mr A's messages in the in-app chat. This is not the kind of service it strives for.
- To apologise for the poor customer service, it paid £30 compensation into Mr A's account.

Mr A then referred his complaint to this service where it was considered by one of our investigators. She didn't uphold the complaint as she was satisfied the disputed transactions had been made using a newly approved Apple Pay token, that could only have been set up using Mr A's own device that he says no one else had access to. She therefore felt it was fair for Monzo to treat the transactions as being authorised by Mr A.

Mr A didn't agree. He disputed that the transactions had been made using an Apple Pay token. He accepted he'd set up Apple Pay with Monzo on his device in September 2024 but reiterated that he had not authorised the disputed transactions. He also questioned the pattern of the transactions, which were made in quick succession, but not picked up by Monzo as suspicious, which he thinks would've been appropriate.

As no agreement could be reached, the complaint has 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.

Having done so, I realise this will come as a huge disappointment for Mr A, but I don't find that Monzo is responsible for refunding the disputed transactions. I'll explain why.

The Payment Services Regulations 2017 (PSRs) say, in summary, that a payment service provider is entitled to hold a customer liable for authorised transactions. But that it should generally refund a transaction that comes out of one of their consumer's accounts that they didn't authorise. There are limited exceptions to this, such as when the consumer has breached their obligations to keep their security credentials secure either intentionally, or by being grossly negligent with them.

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 can be considered authorised, such as where the customer has given permission for someone else to make a payment on their behalf.

Here, the disputed transactions were made using Mr A's Monzo debit card information, and the bank has provided evidence that the transactions were all made using Apple Pay. I appreciate Mr A disputes that the transactions were processed in this way, but having reviewed the technical evidence provided to me by Monzo, I'm satisfied that they were processed using an Apple Pay token that was created on 25 September 2024 – two weeks before it was used to make the transactions.

Mr A has explained that he responded to what he now believes was a scam text message in relation to a parcel delivery, also on 25 September 2024. He provided his Monzo card details believing he was paying for the re-delivery of an expected parcel. But no payment was ever taken. Whilst this explains how a third party could've gained access to his debit card details, it doesn't explain how anyone other than Mr A could've followed the required steps to add those debit card details to an Apple Pay token. From the evidence, I'm satisfied those steps were followed using Mr A's genuine device – which he's said was secured with biometrics and a passcode and didn't leave his possession at the time the Apple Pay token was set up. Mr A denies receiving any messages or disclosing any codes to a third party, and from his testimony, I fail to see how anyone other than Mr A could've obtained access to his device on to set up the Apple Pay token which was then used to complete the disputed transactions two weeks later.

As I'm satisfied Mr A's own device was used to set up Apple Pay, and in the absence of any evidence to explain as to how else someone else came to be in the possession of that device, I find – on balance – Mr A must have followed the steps to approve the Apple Pay token, though I know he won't agree. I say this because unless he did so, the transactions couldn't have taken place. It's possible Mr A did so inadvertently and/or perhaps as part of a scam and is withholding information as he's worried it might impact his fraud claim negatively in some way. But because Mr A is saying that he didn't have any interaction with a third party, nor did he set up the Apple Pay because he was tricked in some way, I don't have any evidence about the circumstances of any possible disclosure. So, I can't fairly conclude the transactions were made without Mr A's involvement in the circumstances he's described.

I realise Mr A has raised concerns about the pattern of the disputed transactions and questioned why Monzo allowed them to be processed without intervention on its part. I appreciate the transactions were made in quick succession, over a matter of minutes, and some were also declined due to insufficient funds. And whilst I appreciate Mr A's concerns, I'm not persuaded that the transactions were so indicative of fraud that they should've prompted Monzo to intervene. Account behaviour can change over time, and the transactions were made using an Apple Pay token that had been created two weeks before it was used – which I don't consider to be the actions of an unauthorised individual. And in

the circumstances of this complaint, I can understand why Monzo believed the transactions were being made by Mr A himself and therefore didn't contact him or suspend the account during the course of the disputed transactions. On this basis, and because I find it's fair for Monzo to have treated the disputed transactions as having been authorised by Mr A, I don't require it to do anything further here.

I was sorry to hear of the impact the disputed transactions had on Mr A. I know he's raised concerns about the way Monzo handled his fraud claim. By its very nature, being the victim of fraud causes distress and inconvenience. But I haven't seen anything to suggest the disputed transactions taking place were because of something Monzo did wrong. So I can't fairly hold it responsible for Mr A's distress and inconvenience caused by the disputed transactions. However, whilst I think Monzo could've been more helpful in its communications with Mr A, I find the £30 it's already offered is fair and reasonable in the circumstances.

My final decision

My final decision is that Monzo Bank Ltd should pay Mr A £30 compensation, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 January 2026.

Lorna Wall
Ombudsman