

The complaint

Miss W has complained Monzo Bank Ltd's actions led to fraud happening on her account and they've offered her inadequate compensation for what happened.

What happened

In March 2025 Miss W contacted Monzo. She was concerned about a potential ID takeover of her account. She'd logged into her app and noted different devices being linked to her account. She also noted a credit application being taken in her name as a pre-authorisation amount of £0.01 was debited from her account. This pre-authorisation was linked to this credit application.

Monzo confirmed the account would be frozen and no transactions would then be able to be made. A further message confirming this was sent to Miss W the following day.

Miss W was on holiday and concerned about what was happening as her existing email address was no longer registered to her account and she couldn't access the app. She was only able to access the app on 25 March when she realised that all her money – nearly £11,000 – had gone from her account.

On initially disputing this, Monzo told her they weren't able to refund her money. Miss W felt she had to raise a further complaint. Monzo confirmed the money would be refunded in full, along with 8% simple interest for the period this money was not in Miss W's account. They also offered her £105 compensation for them not blocking her card when she'd originally notified them of her concerns.

Unhappy with this outcome, Miss W brought her complaint to the ombudsman service.

Our investigator asked Monzo to increase the compensation to a total of £300, as well as pay 8% simple interest from 1 March 2025 until Miss W was refunded.

Miss W felt this was inadequate and has asked an ombudsman to consider her complaint.

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 a slightly different outcome. Both Monzo and Miss W were notified of my revisions on 29 September allowing them a period to make any further submissions.

I believe total compensation should be £600. I say this because:

- the impact of Monzo's error has caused considerable distress, as well as significant inconvenience that has meant Miss W had to spend time to sort things out.

- although everything was sorted within one month, we are talking about all of Miss W's money being stolen from her account which as far as I can see was caused partly by Monzo not taking action when they were notified of a potential compromise and ID takeover. It's also worth noting that Monzo initially told Miss W they wouldn't be refunding her which must have added to her distress.
- when we consider compensation in cases where a customer has been the victim of fraud, we always take into account the fact that the fraud was caused by an unknown third party. Whilst Miss W may feel differently, we don't generally award compensation just because someone is a victim of fraud.

Monzo has agreed to accept this increase in compensation.

Miss W has suggested the compensation should be much higher and is disappointed in this offer. She's shared information from our website that indicates she feels an award of at least £1,500 would be fairer. I don't agree. I appreciate the distress she suffered and it's because of that I feel £600 is fair overall.

I'm aware she thinks Monzo took a while to sort things out. But within a month they had refunded the money in full. Whilst that must have felt like an age to her as she was worrying about being without all her money, this isn't a long time overall.

Miss W has told us that she took *"the unprecedented decision to quit my job in order for me to solely focus on gaining access to my Monzo account and getting all my money back"*. I don't doubt Miss W felt this was the right thing to do for her, but my award is not related to this action. As she says this was unprecedented.

The amount of interest payable by Monzo was £57.85. This amounts to 8% simple interest and covers the period from 4 March until the date of refund. This matches the figure we generally ask financial institutions to use. I think this is fair.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to increase Miss W's compensation to a total of £600.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 31 October 2025.

Sandra Quinn
Ombudsman