DRN-5680411

The complaint

Miss A is complaining that Monzo Bank Ltd hasn't refunded a payment which she was tricked into making as the result of a scam.

What happened

Miss A had started selling items on a popular online marketplace. On 2 February 2024, she was contacted by what she thought was the marketplace, letting her know that she'd sold an item, but needed to verify her bank details. Miss A followed the link and instructions she'd been given, entering her card details - but this led to a payment of £345 being taken from her account. The payment was made to a money transfer company.

Miss A quickly realised that she'd been scammed, and she contacted Monzo to report what had happened. But Monzo didn't respond with an outcome to her claim until June 2024. It said that Miss A hadn't taken enough steps to check who she was paying and what the payment was for, so it wouldn't be reimbursing her.

Miss A raised a complaint with Monzo, and it issued its final response in July 2024. Monzo didn't change its decision, so Miss A brought her complaint to the Financial Ombudsman Service. When Monzo responded to our enquiries, it made an offer of £50 to Miss A to reflect the inconvenience it had caused due to the time it had taken to review her claim.

Our Investigator looked into what happened, but they didn't think Monzo ought to refund the payment Miss A had made. They said that they thought Miss A had authorised the payment, because it would have been clear that she was making a payment of £345 when she was asked to verify the payment through Monzo's app. They didn't think the payment would have looked unusual or suspicious to Monzo, such that it should have contacted Miss A before processing it. They also thought the offer of £50 Monzo had made because of the delay in investigating Miss A's scam claim was fair.

Miss A didn't agree. She said, in summary, that she had tried to log into Monzo's app to decline the payment, but when she used touch ID for access to the app, it automatically approved the payment. She also thought if Monzo had responded more promptly the payment could have been cancelled, and she was unhappy that Monzo cancelled her card as she was unable to withdraw funds. She also thought the payment was unusual as it was larger than other payments she'd made.

Because Miss A didn't agree with the Investigator's findings, her complaint was passed to me for review and decision.

I issued a provisional decision on 25 June 2025. I asked both parties to reply by 9 July 2025 with anything they wished to add. This is what I said.

"*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

I'm sorry to disappoint Miss A, but having done so I've reached the same conclusion as the Investigator – which is that the offer of £50 Monzo has made is fair in all the circumstances and it doesn't need to do anything more than this to resolve things. I'll explain why.

Authorisation

The relevant law here is the Payment Services Regulations 2017 – these set out what is needed for a payment to be authorised and who has liability for disputed payments indifferent situations. With some exceptions, the starting point is that the consumer is responsible for authorised payments and the business is responsible for unauthorised payments. Miss A disputed authorising the payment, so I'll address this point first.

The PSRs specify that authorisation depends on whether the payment transactions were authenticated correctly – and whether Miss A, or someone acting on her behalf, consented to them.

The PSRs go on to specify how consent is given. It must be in the form, and in accordance with the procedure, agreed between Miss A and Monzo. This is laid out in the terms of the account Miss A held in relation to making card payments, as follows:

"Ways you consent to making the payment

- *Confirm on the merchant's website.*
- *Consent over the phone.*
- *Enter a security code.*
- *Enter your PIN in the Monzo app.*
- *Prove it's you with fingerprint or facial recognition.*

Withdrawing consent

- *Once you've given consent, you can't withdraw it."*

It appears Miss A was tricked into sharing her card details and then the scammer entered her card details into the merchant's website to make the payment – so here it seems it was the scammer who gave the payment instruction using Miss A's card details. Miss A didn't agree to this payment instruction, but Monzo says the payment was authorised as Miss A confirmed the payment in its app.

Miss A said she wasn't aware she was making a payment of £345 because the scammer told her that 345 was a verification code – and I can see from the conversation she had with the scammer that they did tell her that. But she's also said she meant to decline the payment but wasn't given the option to through the mobile app, and it was automatically approved by her logging into the app with touch ID – which does suggest she was aware that a payment was being made at that point.

I've asked Monzo about the process of approving payments through the app via touch ID. It's sent me some screenshots to show that the process flow here has steps which involve being shown a notification showing a payment is waiting to be reviewed, which opens a screen in the app asking for the payment to be reviewed. The payment amount and who it's being made to is shown on the screen with an option to approve or decline the payment, and either face ID, touch ID or PIN verification is required to approve the payment. I think it would *have been clear that Miss A was approving a payment.*

Miss A has told us she wasn't able to decline the payment, but on the basis of what I've seen about how Monzo's process would have worked, I think it's unlikely she would have been forced to approve the payment by opening the app with touch ID. And Monzo has confirmed that there were no issues reported with the functioning of its app at the time the payment was made which would explain Miss A's recollection. I'm not doubting Miss A's word here, but I do think that she was under some pressure at the time and her recollection of the process perhaps isn't quite right. Overall, I think it's likely she did approve the payment using the process Monzo's outlined.

Although Miss A didn't enter her card details to make the payment, I'm satisfied that the payment was correctly authenticated using Miss A's card information and stronger authentication through the app. I think that by completing these steps, Miss A represented to Monzo that the payment instruction was genuine. And it was reasonable for Monzo to rely on this to process the payment. So, it's reasonable for Monzo to treat the payment as having been authorised and as such it isn't obliged to provide a refund.

<u>Should Monzo have recognised the scam and intervened?</u>

I've concluded that the payments were authorised, so I've gone on to consider if Monzo should have done anything else to prevent the payments Miss A made to the scam.

When a payment is authorised, Monzo has a duty to act on the payment instruction. But in some circumstances, it should take a closer look at the circumstances of the payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that Monzo processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I agree with the Investigator that I wouldn't have expected Monzo to have intervened here. The value of the payment is low in the context of the payments Monzo processes every day, and although it was a little higher than most of the payments Miss A made from the account, she had made payments of a similar value before. I don't think this payment ought to have caused Monzo to be sufficiently concerned about a scam risk that it ought to have intervened with a warning, or by contacting Miss A directly. So, I don't think Monzo ought reasonably to have done anything here to prevent Miss A making the payment.

<u>Could Monzo have done more to recover the payment?</u>

The payment was made by debit card, and as such, once it had been authorised it wasn't possible for Monzo to cancel it, even in a pending state. As Monzo sets out in its terms and conditions, once consent to the payment has been given it can't be withdrawn.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. Monzo didn't raise a chargeback when Miss A disputed the payment, but I'm satisfied that there would have been little prospect of a chargeback being successful here. I say this because the payment was made to a legitimate merchant which would likely have provided the service paid for.

Other considerations

Monzo has accepted it was slow to investigate Miss A's claim and provide her with an outcome and it has now offered her £50.

I do appreciate that this delay must have been frustrating and inconvenient for Miss A – including being told she needed a replacement card only after the claim had been investigated and she was told of the outcome, which due to the delay was nearly five months after her card details had been compromised. But I can see a new card was issued the next day, and Miss A activated it two days after that, so she received it promptly.

I recognise that the delay had an impact on Miss A, but overall I think that the £50 Monzo has now offered Miss A is fair and reasonable in all the circumstances.

Once again, I'm sorry to disappoint Miss A as I can see that she feels strongly about what's happened here. And as the victim of a cruel scam, I can understand why she'd think she should get her money back. But I've not found that there are any grounds for me to direct Monzo to refund the disputed payment to her.

My provisional decision is that I'm upholding this complaint – in the sense that Monzo Bank Ltd still needed to do something to put things right.

Monzo Bank Ltd has made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances. So my provisional decision is that Monzo Bank Ltd should pay Miss A £50."

Miss A didn't respond to my provisional decision and neither did Monzo.

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.

As neither party responded to my provisional decision, I see no reason to depart from it.

My final decision

My final decision is that I'm upholding this complaint – in the sense that Monzo Bank Ltd still need to do something to put things right.

Monzo Bank Ltd has made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances. So my final decision is that Monzo Bank Ltd should pay Miss A £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 7 August 2025.

Helen Sutcliffe
Ombudsman