

The complaint

Mr N complains that a payment to a third-party building society was due to be taken from his account with Monzo Bank Ltd despite not having mortgage account with the building society. He says the payment would've been taken had he not seen and cancelled it. Mr N would like an explanation of how this happened and compensation for the distress and inconvenience he's been caused.

What happened

I'm aware that there are a few different financial institutions which have a degree of involvement in this case. I'm also aware that a complaint has been raised against more than one financial institution. But in this decision, I will only be dealing with the complaint against Monzo and will be concentrating on what happened between it and Mr N.

Mr N used the Current Account Switch Service (CASS) in 2023 to move his banking from another financial institution, which I'll refer to as H, to Monzo. The switch happened as it should've, the account with Monzo opened, and all the information from H was transferred to Monzo.

On 31 October 2024, Mr N saw a pending transaction exceeding £1,800 on his Monzo account for a mortgage with a building society I'll refer to as P. As he had no borrowing with P, Mr N contacted Monzo and cancelled the payment. He also raised a complaint.

Monzo investigated the complaint and sent Mr N its response on 15 November 2024. In summary it said there was no evidence to suggest Monzo had provided Mr N's account details to P and so it didn't accept that it'd made an error. It suggested that the person whose mortgage it was had attempted to switch their account via CASS and inadvertently put Mr N's details on the form rather than their own. Or P had mistyped Mr N's details onto its system. Mr N wasn't happy with that response and brought his complaint to this service where one of our investigators considered Mr N's concerns.

Our investigator felt Monzo had made an error and should compensate Mr N by paying him £150. In short, our investigator felt that Mr N's details must've been supplied to P by Monzo and that Monzo had failed to investigate thoroughly. Monzo replied to the investigator's opinion to say it was prepared to accept their outcome to put an end to the matter for Mr N. But Mr N didn't agree with our investigator and felt the compensation should be at least double what had been suggested. He asked that his complaint was reviewed by an ombudsman and so it's 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.

On the balance of probabilities, which is the test I'm required to use when assessing evidence, I'm just persuaded that Monzo made an error here and so should pay Mr N compensation. But I have to say that the evidence I have is by no means conclusive and

because of that I'm not able to give Mr N the answers which I believe he's looking for. Which is how this happened.

This whole complaint revolves around one instruction sent to P instructing it to change the account details for collection of the mortgage payment from an account with H to an account with Monzo. No party involved in this complaint has been able to say who sent the instruction. All we have is a screenshot from a printed report which lists details which need to be changed. The report does not give the originator of the request.

P has said in a submission to this service, "As this is a switching request for Monzo to be the new current account provider and the request came via a BACS report, we can only conclude that the info could only have come from Monzo as it was not from the customer."

That statement isn't saying that Monzo did send the instruction, it's saying that P's conclusion is that's where it came from. But there's no certainty.

Monzo has shown that the only direct debits it submitted requests for changes to the paying bank were sent in 2023 and not 2024.

Under our inquisitorial remit, I've reached out to H to see if Mr N's previous account number had been reassigned to a new customer and whether that was the cause of the problem. It hadn't and H provided evidence of that. I asked P for the details of the mortgage account holder so Monzo could check if it held an account for that customer. It doesn't.

So, we're left with the situation that P was asked to change its customer's bank details by a party that we can't identify. But the instruction must've come from somebody.

It seems to me, as it did our investigator, that the most likely source of the instruction was Monzo, despite it not being able to trace having sent it. I say that because it contained the bank details for both Mr N's previous and current bank, and it seems unlikely that any other party would've had access to that information. As I've said before, this conclusion has been reached on the balance of probability, not because of conclusive evidence.

Our investigator suggested that Monzo should record a data breach. I'm not persuaded that's necessary. We haven't shown that Monzo did cause a data breach and therefore to ask it to report one would seem unfair. So, I don't require Monzo to file a data breach report.

Putting things right

Mr N has suggested that compensation here should be at least double the award made by our investigator. Our role is not to punish businesses for getting things wrong, it's to put a consumer back in the position they would've been in had the mistake not happened and compensate for actual distress and inconvenience caused.

There's been no financial impact to Mr N because he was able to cancel the direct debit before the funds were taken from his account. But I accept there has been distress caused.

The incident happened on 31 October 2024, and the final response was issued on 15 November 2024. So, the complaint was dealt with promptly and from what I've seen, I think Monzo did try to discover what had happened. But in the same way I haven't been able to get to the bottom of the problem, neither could it. And I don't think it would be fair to ask Monzo to pay more compensation for a mistake that it may not have made.

I therefore believe that the award suggested by our investigator, and accepted by Monzo, is a fair resolution to this complaint. For the sake of clarity, that award is £150.

My final decision

My final decision is that I uphold this complaint and direct Monzo Bank Ltd to pay Mr N £150 for the distress and inconvenience he's suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 21 August 2025.

Stephen Farmer
Ombudsman