

The complaint

Miss B complains that Monzo Bank Ltd (“Monzo”) won’t refund a payment she didn’t make or otherwise authorise.

What happened

In November 2023 Miss B received a call from an individual purporting to be from Monzo. The caller knew some of her personal and payment information, likely obtained through a phishing text she’d engaged with and subsequently reported to Monzo a few days prior. Under the guise of securing her Monzo account, the caller persuaded Miss B to transfer money from her *savings pot* into her main account. Miss B also recalls being asked to click on a notification on her Monzo app which the caller said would enable them to change her bank account details over to keep her money safe. However, in practice the step Miss B took approved a payment (electronic transfer) of £1,350 which was made through the Open Banking model.

Monzo declined to refund the payment on the basis that Miss B approved the payment in her Monzo app. But it paid £210 compensation in recognition of customer service failures including the time it took to reach an outcome on Miss B’s scam claim.

When the complaint was referred to our service, the investigator upheld it. In summary, they thought the payment was unauthorised and that Monzo should have refunded it. The investigator also recommended Monzo to add interest to the refunded amount. Initially, when they didn’t have Monzo’s submissions, the investigator had also recommended £200 compensation for distress and inconvenience. But on learning that Monzo had already offered compensation, the investigator was satisfied that no further compensation was warranted. Miss B accepted the investigator’s recommendation, but Monzo didn’t.

I issued my provisional decision last month and gave reasons for why I didn’t intend upholding the complaint. I said:

“When a payment is disputed, the starting point in law is that the payer (here Miss B) is liable for payments that they authorised, and the payment service provider (here Monzo) is liable for unauthorised payments.

Under the Payment Service Regulations 2017 (PSRs), which is the relevant legislation here, a payment is authorised if it is correctly authenticated and consented to by the consumer, or on their behalf. The PSRs say that consent must be given in accordance with the form and procedure agreed between them.

Here the relevant framework contract are the terms and conditions applicable to Miss B’s Monzo account. In order for the disputed payment to be considered authorised, Miss B would need to have given her consent as set out in the terms.

I’ve reviewed the relevant terms and conditions, and they explain that Miss B can consent to making the payment in different ways – by entering her PIN, by entering a security code, or by proving it’s her with fingerprint or facial recognition.

Monzo says the payment is authorised because it was approved in Miss B's Monzo app through her biometrics. I can also see that Miss B recalls approving a notification.

I acknowledge that Miss B took the step that she did as part of a scam. But I'm satisfied that under the PSRs, the payment is authorised. This is because the relevant terms explain that the step Miss B took means that she gave consent for the payment to be made.

I've thought about whether it would be fair to hold Miss B liable for the payment given that she thought the step she took would enable the caller to change her bank account details over to keep her money safe. As part of this, I've reviewed the in-app screens Monzo says Miss B would have seen and engaged with. I think they are clear that the purpose of completing them is to approve a payment. At the top, the screen says, "Make a payment". It then specifies the amount, the recipient, sort code, account number, the reference, as well as the account the payment is being made from. And the options are to "continue" or "cancel". Here, Miss B selected "continue" – so I don't think it would be fair to hold Monzo responsible for her losses on this basis.

There are circumstances when it might be appropriate for payment service providers to take additional steps before executing a payment transaction. For instance, when there are grounds to suspect that the transaction presents a fraud risk. I've reviewed Miss B's account statements, and the payment made as part of the scam. I'm not persuaded that Monzo ought to have found the payment suspicious to the point that it ought to have made enquiries before processing it.

Once the payment was authorised and processed, Monzo wouldn't have been able to stop the funds from leaving the account. I've considered whether Monzo could have done more to recover the funds from the beneficiary account provider once it was notified of the scam. I can see it did reach out to the beneficiary account provider, but it didn't hear back. In the circumstances, I don't think Monzo could have done more to recover Miss B's funds.

I note that the payment was made to a money transfer service, and it's a common feature of the scam Miss B has described that, by the time the scam is reported, funds have already been transferred in accordance with the scammer's instructions. This is what appears to have happened here, and the money transfer service has told this office that it received instructions to transfer Miss B's funds to an overseas account.

As the funds were sent overseas during the payment journey, Miss B's payment wouldn't be covered under the provisions of the voluntary Contingent Reimbursement Model Code (CRM Code) which was in place at the time and which Monzo, although not a signatory, had committed to follow."

I gave both parties an opportunity to provide any further comments or evidence for me to consider.

Monzo didn't provide any further. Miss B replied and said she was disappointed with my provisional decision and didn't accept it. But she wasn't sure what else she could provide in her appeal. Miss B said the scammers are professionals and she's constantly reading about this happening to thousands of people, especially with 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.

I'm sorry to hear about Miss B's disappointment with my provisional findings. It's completely understandable, given the investigator recommended a full refund along with compensation in their assessment. But both parties to the dispute have the right to disagree with the investigator's assessment and ask for an ombudsman's determination.

In my provisional decision, I gave reasons for why I intended concluding that it was fair of Monzo to treat the transaction as being authorised by Miss B. I also explained why I didn't think there were any other reasons why it would be fair to hold Monzo liable for Miss B's loss.

Miss B hasn't provided any further information or evidence in relation to why she disagrees with those reasons. As such, while acknowledging her disappointment, I see no reason to depart from my provisional findings.

Miss B has undoubtedly been the victim of a cruel scam, and I'm sorry to hear about the impact this incident has had on her. But, for the reasons given, I can't fairly hold Monzo responsible for the money she lost because of the actions of the scammer.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 September 2025.

Gagandeep Singh
Ombudsman