

The complaint

Miss H complained because Monzo Bank Ltd refused to refund her for a transaction she said she didn't authorise.

What happened

On 17 March 2025, Miss H had just arrived abroad on holiday. She contacted Monzo by chat at 12.07pm, and said there had been a payment from her account which she hadn't made. This was for the sterling equivalent of £291.17. She said she had arrived at her hotel, but couldn't check in because she didn't have enough money because of the disputed payment from her account.

Monzo blocked the card, and sent Miss H a form to complete. Miss H then saw that there had been another attempted payment, this time for the sterling equivalent of £338.87, but that had been declined. She told the Monzo adviser, and said she hadn't made that payment either. Monzo said that it had a high demand for its support and couldn't tell Miss H when it would be resolved. Miss H asked how long it would take, as she was now stranded with no money to pay for her accommodation that night in a foreign country. But Monzo's adviser just refused to give her a timescale.

On 19 March, Miss H contacted Monzo for an update.

Later that afternoon, Monzo sent a chat message to say it couldn't treat it as fraudulent, so it wouldn't refund her. It said the payment had been made using 3D secure verification. It said that meant it happened securely on a phone or device connected to her account, and she hadn't mentioned anything being lost or stolen. It said only Miss H or an authorised user could have made the transaction. It said she could contact the merchant direct. Monzo asked Miss H to confirm her delivery address for the replacement card, but Miss H said she didn't want a new card, and she didn't even have any money because it had been stolen. She asked who the merchant was, and Monzo told her the name. She asked how the payment could have happened with 3D verification when she didn't even know who it was.

Miss H complained straightaway. She chased on 24 March. She said she'd immediately disputed the payment. She said Monzo had told her that the payment was to a country she'd never been to and didn't know anyone there. She said her claim had been rejected when there was no way she could have authorised the transaction, but she'd just been told to contact the merchant. She said she couldn't do that when she'd never heard of the merchant and it didn't exist when she'd googled it. Miss H said this had left her in severe financial difficulty, and she'd been on holiday at the time. The money that had been taken had been to pay for her accommodation, so it had left her homeless in a foreign country for four days.

Monzo sent Miss H its final response to her complaint the next day. It didn't uphold her request for a refund of the disputed transaction. It said this was because it had been made using 3D secure verification. It explained that this meant it was completed using the device connected to Miss H's Monzo account – and she had confirmed that device hadn't been lost, stolen, or out of her possession.

Monzo did however accept that its customer service hadn't been up to the standard Miss H should expect. It said it hadn't provided her with appropriate support, when she'd told it that she was stranded with no money to pay for her accommodation. It said it was sorry this had happened, and it said it would pay her £30 compensation.

Miss H wasn't satisfied and contacted this service. She told us about the disputed £291.17 transaction, and also said that there had been another disputed transaction from an account she had with another financial organisation. She said the other organisation had refunded her, but Monzo hadn't. She said she hadn't authorised the transaction and Monzo had told her to contact the merchant. She couldn't do this because a google search showed her it didn't exist. She'd also told Monzo that she'd just arrived abroad on holiday, and the money had been to pay for her hotel for three days. She said she'd had to beg family members to help, and the mental anguish had been awful.

Our investigator didn't uphold Miss H's complaint. She said that the disputed payment had been made using Miss H's mobile banking app. And Miss H had confirmed that no-one else had access to her phone, and her phone hadn't been out of her possession. The investigator also said that it had been authorised by 3DS using biometrics. The investigator noted that Miss H had said she believed the point of compromise had been when she'd bought tickets on social media through an account with a different organisation. But the evidence showed it had been authorised by biometrics using Miss H's device. So she didn't uphold Miss H's complaint.

Miss H wasn't satisfied. She said the effect of losing the money had impacted her greatly, both financially and mentally due to the stress of getting into more debt, as it occurred when she was abroad and vulnerable. She asked to see Monzo's evidence that she'd authorised the transaction, and she said that she didn't have biometrics turned on at the time.

The investigator sent Miss H a copy of the relevant computer information from Monzo. This shows the transaction including the amount, time, account ID, card ID, and the fact that it was authenticated using biometrics.

Miss H asked whether the investigator had contacted the other financial organisation, to confirm that the disputed payment was fraudulent, as it had refunded her. Our investigator explained that she hadn't contacted the other organisation, because Miss H's complaint here was against Monzo. And whatever had happened with that other organisation wouldn't have compromised Miss H's Monzo account.

Miss H said that Monzo must have contact details of the company that took the money, and she couldn't have authorised it because the company to which the money went wasn't a registered legitimate business. She said Monzo should provide that so she could contact the company. She said it had massively impacted her mental health due to the constant worry and stress, and she was now in debt to Monzo, and it could happen again at any time.

Miss H asked for an ombudsman's decision.

My provisional findings

I issued a provisional decision on this complaint. This was because I'd come to a different conclusion to the investigator. Issuing a provisional decision gave both sides the opportunity to comment on it, by the date set, before I issued a final decision

Before issuing the provisional decision, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

What the Regulations say

In my provisional decision, I explained that there are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

The regulations also say that account holders can still be liable for unauthorised payments under certain circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

There are different rules when a customer has been scammed (tricked) into making a payment themselves or giving away their secure information, but that's not what Miss H said happened here.

So what decides the outcome here is whether it's more likely than not that Miss H, or a third party fraudster unknown to her, carried out the disputed transaction.

Who is most likely to have authorised the disputed transaction?

I looked in detail at the technical computer evidence about this transaction. This showed that:

- the disputed transaction was carried out using Miss H's phone which was already registered to her Monzo account. Miss H's evidence was that the phone hadn't been out of her possession, and no-one else had access to it;
- the disputed transaction was carried out using Miss H's biometrics. I recognised that Miss H told our investigator, after the investigator's view, that she hadn't had biometrics switched on, on her Monzo app at the time. But as well as the computer evidence showing that biometrics were used, I've also seen the form which Miss H completed for Monzo on the day she reported the disputed transaction. On that form there was a question "*Is your device passcode / biometric protected?*" to which Miss H replied "Yes."

When Miss H completed Monzo's form, she confirmed that she had the device in her possession; it hadn't been out of her possession; no-one else had access to it; and it was biometric/passcode protected. She said that no-one else knew her passcode or had their biometrics on the device.

Given this evidence, I couldn't see how anyone other than Miss H could have authorised the transaction. If she allowed someone else to use her phone, app and biometrics, it counts as Miss H having authorised it herself. This means that Monzo doesn't have to refund her.

Other points raised by Miss H

Miss H said Monzo should provide her with full details of the recipient to which the money went. But banks don't have full details of every company or person to whom customers send their payments. Monzo did provide Miss H with the name of the company which it had on the transaction, but its role was to follow a customer's authorised instruction, not to investigate recipients to which payments are sent.

Miss H also asked that this service should contact the other organisation with which she had an account, because she said there had been a disputed transaction from her other account

too. I could see that on 17 March Miss H did make a small payment from her Monzo account to the other organisation, before the disputed transaction. But that wouldn't have enabled a third party fraudster to have had access to Miss H's registered phone, and to have made a payment using her biometrics.

Similarly, Miss H told our investigator that she thought the point of compromise was buying tickets through social media, using her account with the other financial organisation. But that too wouldn't have enabled any fraudster to access her genuine phone and used her biometrics.

Finally, Miss H hadn't said that she was tricked by any third party into making the payment, in other words, a scam. As I've set out above, there are different regulations for when that happens – but it's not what Miss H said happened here.

Monzo's customer service

In Monzo's final response to Miss H's complaint, it acknowledged that its customer service hadn't been up to standard. I agreed, particularly because Miss H had said she'd just arrived abroad and the money stolen meant she couldn't check into her hotel and didn't have anywhere to go in a foreign country. Monzo's advisers didn't pick up on this or explore what was potentially a vulnerable situation for Miss H. It failed even to ask whether she was travelling alone, whether she had any other financial accounts she could use, or whether she could take a temporary loan from friends or family to ensure her safety. Miss H's complaint form to this service said that it caused her mental anguish to be stranded in a different country without money with her bank not on her side. I found Monzo's service on this was very poor.

Miss H later told us that she was able to ask family to help financially and had to pay them back. But Monzo didn't know that this option was open to Miss H when she'd said she was stranded abroad without the means to pay for that night's accommodation – because it didn't ask. I considered it should have asked more questions, to ensure that her personal safety wasn't at serious risk.

So I considered that Monzo should pay Miss H a further £50 compensation, making a total of £80 including the £30 it has already paid her.

Responses to my provisional decision

Monzo accepted the provisional decision.

Miss H didn't reply by the date set for responses.

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 consider the conclusions I reached in my provisional decision were fair and reasonable in all the circumstances of this complaint.

My final decision

My final decision is that:

- I do not uphold Miss H's complaint for a refund of the disputed £291.17;

- I order Monzo to pay Miss H a total of £80 for its customer service failings when it failed fully to explore Miss H's personal safety situation when she reported the dispute. It has already paid her £30, so that leaves £50 more to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before (date).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 11 September 2025.

Belinda Knight
Ombudsman