

The complaint

Mr J complains Monzo Bank Ltd won't refund payments taken from his account which he says he did not make or authorise.

What happened

about £7,000. Mr J raised the payments with Monzo but it said it wasn't willing to refund the transactions via a direct debit indemnity as the evidence he sent suggested he had an agreement to pay them.

Following a complaint, Monzo still refused to refund the transactions. So Mr J referred his complaint to this service.

An Investigator considered the circumstances. She said, in summary, based on the information Mr J had given Monzo she didn't think Monzo had treated Mr J unfairly by refusing to carry out the direct debit indemnity. But she agreed Mr J had been given incorrect information and received poor customer service.

Mr J didn't accept the Investigators findings. He maintained that he hadn't authorised the payments to the housing association and asked for an Ombudsman to review the complaint. As Mr J didn't agree, the complaint was passed to me.

I issued a provisional decision. I've set out my findings again below and they form part of this decision.

Provisional findings

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

Under the Payment Services Regulations ("PSRs"), generally, Monzo can hold Mr J liable for the disputed transactions if the evidence shows he made or authorised them.

Mr J lives in a property for which his brother holds the tenancy. Payments have been made from Mr J's Monzo account in respect of that property since 2021, initially by card and later by direct debit.

Mr J says the direct debit was set up, without his consent, by his brother. And that he also didn't authorise the card payments to the housing association. Given that Mr J and his brother have lived at the same address, I accept that it's possible that his brother could have had access to enough information to have made the card payments, since they were made using just the card details i.e. by phone or online, or set up the direct debit to come out of Mr J's account – which was also done by phone according to the housing association.

Mr J initially told us he found out the direct debit had been set up because the housing association told him about it and that he noticed it so late because he, his wife and children had all been unwell. I'm sorry to hear about Mr J's health and that of his family, it's clear they've been through a lot in recent years.

After the complaint was passed to me, I arranged for us to make further enquiries with the housing association. The information they provided included an email dated 24 March 2024 sent by Mr J in which he acknowledged he was making payments towards the rent arrears via a direct debit. If this had been set up by someone else without Mr J's permission, I would've expected him to have raised this at this point. But he didn't. We asked Mr J about this email.

Mr J has since told us, at the time, he was making the payments to avoid the property being repossessed. He hoped he could take over the tenancy and said that he'd been told he would be refunded. He's now said, that since the housing association have refused to refund the payments and he hasn't been able to take over the tenancy, he contacted Monzo. Monzo's records show Mr J first contacted them about this on 17 July 2024. So about four months after Mr J sent the email to the housing association.

It's clear, therefore, that Mr J did know about the direct debit payments in at least March 2024 but didn't report them as being unauthorised until July 2024.

The payments were being made across Mr J's debit card and by direct debit for a number of years at this point, since 2021. Yet no complaint was made. The housing association had sent confirmation to Mr J of the direct debit by post and email. The payments aren't insignificant, representing a significant proportionate reduction of the balance each time and taking up a lot of Mr J's income, which he would otherwise presumably need for other things. I can also see from the statements Mr J was transferring money in specifically to cover the amount of the direct debit to the housing association each month, usually a few days before the direct debit was due to be taken. And there was other undisputed use of Mr J's account during 2023 and early 2024, so I think Mr J was aware of the activity on his Monzo account. So it's not clear to me how, in these circumstances, the payments would have gone unnoticed and unchallenged by Mr J. The housing association's notes also show telephone contact from Mr J on several occasions, and his email address was used to contact them multiple times.

Based on what I've now seen, I think Mr J has a dispute with the housing association and that by his own admission, the direct debit transactions were authorised at the time they were made. It seems he's only now saying they weren't because he believes the housing association has gone back on their word. Overall, I think Mr J did know about the direct debit payments and they were authorised at the time they were made. This means Monzo doesn't need to refund them.

I also think, based on Mr J's most recent comments and the 24 March 2024 email, the card payments to the housing association were also more likely than not authorised. And Monzo correctly explained these payments were outside the timescales to raise chargebacks for. So I don't think Monzo are obliged to refund these payments either.

Mr J asked Monzo to raise a direct debit indemnity claim for the direct debit payments. But Monzo refused.

The direct debit guarantee is designed to protect customers from having payments wrongly taken from their accounts. If an error is made when taking the direct debits, customers are entitled to a full and immediate refund of the amount that's been debited from their bank. But this doesn't affect the rights and obligations of the parties under the original contract and doesn't apply in all circumstances.

Mr J asked Monzo to submit an indemnity claim on the basis that he hadn't consented to the payments being taken from his account. But I've already explained why I think he did

consent to the payments. There's clearly been a subsequent disagreement between Mr J and the housing association, but I don't think this is covered by the guarantee. So I don't think Monzo have done anything wrong by refusing to raise the indemnity.

Monzo have offered Mr J £230 in recognition of the distress and inconvenience caused by some wrong information he was given when he first contacted it, and because it failed to call back when it said it would on multiple occasions. I can see that these amounts were paid to Mr J in August and October 2024.

Finally, I'm aware Mr J is unhappy the housing association hasn't been able to provide recordings of phone calls he said he had with them and their treatment of him in general. But I can only consider whether Monzo has treated Mr J fairly, so I can't comment on any specific concerns Mr J has about the housing association.

Responses to my provisional decision

Monzo responded to say it accepted my provisional decision.

Mr J said he did not set up the direct debit. He said he did not find out about it until 2024 because it was going out of his account during the pandemic and because he was unwell and was admitted to hospital for an operation.

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.

Mr J maintains he did not set up the direct debit and that he didn't know about it.

I explained in my provisional decision why I think he did authorise the direct debit he's now disputing and why he knew about it prior to 2024. In particular, the payments were taking up a large proportion of Mr J's income, there was other undisputed use of his account during 2023 and 2024 and, at times, Mr J appeared to be transferring money in from another account specifically to cover the amount of the disputed direct debit. So, while I'm sorry to disappoint him, I don't think what he's said about this happening during the pandemic and him being unwell makes a difference to whether he authorised the direct debit.

So my decision remains that Monzo have treated him fairly.

My final decision

For the reasons I've explained, I am satisfied what Monzo has already offered to do is fair and reasonable in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 September 2025.

Eleanor Rippengale
Ombudsman