

## The complaint

Mr B complains that Monzo Bank Ltd (“Monzo”), won’t refund him money he lost after he fell victim to a scam.

Mr B has brought his complaint to this service with the assistance of a professional representative, but for ease of reading I will refer to Mr B throughout this decision.

## What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In March 2024, Mr B fell victim to an impersonation scam. He was contacted by somebody, claiming to work for Monzo, who said his accounts were at risk and that he needed to safeguard his money. But unknown to him at the time he was speaking to a fraudster.

A number of transactions left Mr B’s account on 8 March 2024 (these have been laid out in detail by our Investigator in their view, so I won’t repeat them all again here). As part of the scam, a loan was also taken with Monzo, for £10,000, with the funds from the loan being used to facilitate some of the payments.

Realising he’d been scammed, Mr B raised the matter with Monzo. He said the payments made and a loan taken in his name were carried out without his authority. Monzo reviewed Mr B’s claim but didn’t uphold it. In summary, it didn’t think it was liable for refunding Mr B the money he lost, as it didn’t believe the transactions were fraudulent. It said this because the information it had made it believe the transactions couldn’t have been authorised by a third party, rather it thought Mr B had authorised them.

Monzo did recognise the service it provided Mr B could have been better. In recognition of the delay in responding to Mr B’s complaint, it paid £75 to him by way of compensation.

Unhappy with Monzo’s response, Mr B brought his complaint to this service. One of our Investigator’s looked into things and initially didn’t think the complaint should be upheld. In summary, the Investigator said that as Mr B had said he hadn’t made the payments, nor made the loan application, it was their role to give a view on whether Mr B more than likely authorised the payments. Having considered this, it was our Investigator’s view that Mr B had authorised the payments, and so the complaint shouldn’t be upheld.

Mr B didn’t agree and provided further evidence, which satisfied our Investigator that Mr B’s position had changed around whether he’d authorised the payments. Our Investigator concluded that Mr B had made the payments in relation to a scam and, in view of this, went on to consider whether Monzo had done enough to protect Mr B.

Having thought about things again, it was our Investigator’s view that by the time Mr B was making a payment for £850 on 8 March 2024 (which was the fifth payment to the fraudsters), there was enough going on that ought to have led Monzo to have intervened and to have

spoken to Mr B about the payment before allowing it to be progressed. It was our Investigator's view that had it done so, and provided warnings to Mr B, it would have prevented him from making this and subsequent payments. So, our Investigator thought Monzo was, at least in part, liable for Mr B's loss from this point.

But our Investigator thought liability should be shared. This was because he thought Mr B ought to have been concerned about what he was being asked to do and should have carried out some checks to verify who was calling him.

Overall, our Investigator recommended that Monzo should refund Mr B 50% of the amount lost from the payment of £850, made on 8 March 2024, onwards. Meaning that Monzo was liable to refund Mr B £1,906 (being 50% of the value of the payments from the payment mentioned above). Our Investigator also recommended that Monzo pay interest on this amount.

Monzo disagreed with our Investigator's view. In summary, it said the spending on the account wasn't suspicious and there was no way to know how Mr B would have responded had Monzo interacted with him about the payments.

Through his representative, Mr B also disagreed. In summary, he didn't think he should be held responsible for paying the loan off, given it had been taken out fraudulently. He thought Monzo should clear the loan and that defaults from his credit file, which were related to the loan, should be removed.

As agreement couldn't be reached, the complaint has been passed to me for a final decision.

### **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 very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Mr B's submissions and testimony around whether he authorised the payments and whether he was aware that a loan was taken out have been inconsistent. On the one hand, he has told Monzo and this service, on a number of occasions, that he didn't authorise the payments. But on the other hand, I've heard in a call he had with Monzo (when reporting the scam) that the fraudster had "got him" to make payments in the app and that he'd clicked to approve payments. He's also told this service that the fraudsters told him that he would have to move money, and he's said that while it's probable and a possibility he would have been asked to approve payments under pressure and panic, he couldn't remember.

Where there is a dispute and/or inconsistencies about what happened, as there is here, I have to base my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the evidence.

When considering what's fair and reasonable, I am required to take into account relevant law and regulations; the regulator's rules, guidance and standards, the codes of practice; and, where relevant, what I consider to have been good industry practice at the relevant time.

The disputed transactions complained about took place in March 2024, so of particular relevance to my decision are the Payment Services Regulations 2017 (PSRs) – which apply to transactions like the ones made from Mr B’s account.

The PSRs say that a payment transaction is regarded as having been authorised by the payer only if the payer has given his or her consent to the execution of the payment transaction. The regulations go on to say that such consent must be given in the form, and in accordance with the procedure agreed between the payer and its payment service provider. The form and procedure are usually set out in the terms and conditions.

Unless the payment service provider can show consent has been given, it has no authority to make a payment or debit the customer’s account. Where a payment service user denies having authorised a payment transaction, it is for the payment service provider to prove that the payment transaction in question was authorised by the customer.

Having considered the facts before me as well as the relevant law, it seems to me that the first question I need to determine here is whether it is more likely than not that Mr B authorised the transactions.

I’ve no doubt that Mr B was tricked into taking the steps he did in the belief that he was speaking to his bank and protecting his money. However, the evidence available to me supports that Mr B did authorise the payments. The technical evidence shows that the payments took place from his trusted device and by Mr B’s own account, he’s said he was aware that payments were being made and that money needed to be moved to protect him from fraud.

I’m satisfied, through its in-app functions, that Monzo asked him in a clear way if he wanted to ‘approve’ the payments. And, given the clarity of the screens that are presented to customers by Monzo in these circumstances, I think it’s reasonable for Monzo to rely on the steps Mr B took as representation of him confirming he gave consent, and therefore to treat these payments as authorised.

Overall, with all things considered and in the individual circumstances of this case, I’m persuaded there ought to have been enough of an awareness that Mr B’s actions could have resulted in payments. It therefore follows that I find it fair and reasonable to treat the payments as authorised.

However, that isn’t the end of matters. There are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Monzo) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr B when he authorised the payments, or whether it should have done more than it did. In doing so, I have to be mindful that banks process a high volume of transfers and transactions each day. And a bank has to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer’s requests.

I don’t disagree with our Investigator’s position that there was enough going on, at the point Mr B was making a payment for £850 on 8 March 2024, for Monzo to have been concerned that he may have been at risk of financial harm. This was the fifth payment, on the same day within a short space of time, and the activity wasn’t typical of how Mr B usually ran his

account. Alongside this the payments Mr B was making weren't consistent with the purpose for which the loan had been taken.

Overall, I'm satisfied that there was enough going on that Monzo ought to have had concerns. I think a proportionate intervention, at this point, would have been for Monzo to have stepped in and engaged directly with Mr B, to establish some further detail about the payment, before allowing it to be progressed.

Of course, I can't know for sure what would have happened had Monzo intervened. So, in these situations I have to base my finding on what I think, on the balance of probabilities, is more likely to have happened, based on the evidence I have.

Had Monzo intervened and asked Mr B questions as to why he was making the payment, I think the scam would have come to light. I say this as there is no evidence that Mr B had been coached by the fraudster, been provided with a cover story, or told not to be transparent about why he was making the payment. So, I think it is most likely he would have honestly disclosed the reason for the payment to Monzo, thus allowing it to identify the obvious scam risk, that he was falling victim to a safe account scam. With this, I don't think it would have taken much for Monzo to have persuaded Mr B that things weren't as they seemed and I don't think he would have gone ahead with this payment for £850, or the ones that followed.

Monzo has also argued that the card payments Mr B made were not the point of loss. But as Monzo ought to be aware and as has been set out in previous decisions from this service to Monzo, the potential for multi-stage scams ought to have been well known to it at the time. And as a matter of good practice Monzo should fairly and reasonably have been on the lookout for payments presenting an additional scam risk including those involving multi-stage scams.

All things considered, I'm persuaded it is fair and reasonable that Monzo, at least in part, bears some responsibility for Mr B's loss from the point he made the payment for £850.

I have however, also thought about whether Mr B did enough to protect himself from the scam and whether he should carry some responsibility for his loss. While I accept Mr B believed that these payments were being made to protect his money, I'm not persuaded that belief was a reasonable one.

While similar, the number Mr B was called on wasn't a Monzo number. He was also called out of the blue and asked to contact one of two numbers, both of which were mobile numbers. This doesn't seem typical of how a bank would usually communicate with one of its customers.

Mr B also received text messages as part of the scam, none of which related to either of the numbers he was asked to call, nor were they related to a Monzo number. In addition to this Mr B has said that he knew it made no sense when he was told that a loan had to be taken, but he nevertheless went on to authorise further payments after the loan funds had credited his account.

I also haven't seen any evidence to suggest that the fraudsters knew any personal information about Mr B, such that only his genuine bank would know, nor any evidence to show that Mr B questioned in any way what he was being asked to do.

I might understand how in isolation any one of these things may not have prevented Mr B from proceeding. But when taken collectively I think there were sufficient red flags here that reasonably ought to have led Mr B to have acted far more cautiously than he did. So, I think

Mr B did have a role to play in what happened and I think that the amount Monzo should pay to him in compensation should fairly and reasonably be reduced to reflect that role. I think that a fair deduction is 50%.

I've considered whether there was any opportunity for Monzo to have recovered the money Mr B lost. 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.

I haven't seen any evidence that Monzo raised a chargeback here. But, in any event, I don't think that has made a difference. I say that as it's evident here that the card payments Mr B made went to legitimate merchants and these merchants provided the goods paid for (albeit to the fraudsters). So, there would have been no prospect here of a chargeback being successful.

I'm mindful that Monzo found it could have dealt with Mr B's claim in a timelier manner and that it could have provided better customer service. In recognition of this Monzo awarded Mr B £75 by way of compensation. I'm pleased to see that Monzo proactively recognised the service it provided fell short of what could reasonably have been expected. The £75 it has already paid Mr B is an amount in line with what I would have awarded. So, I don't think it would be fair for me to award further compensation when it's already paid what I would've told it to.

Finally, I've considered Mr B's representatives argument that Monzo should write off the loan and that a default, related to the loan, on Mr B's credit file should be removed.

For similar reasons already explained above in regard to Mr B authorising the payments, I'm persuaded that it's more likely than not Mr B agreed to the loan being taken out in his name. The technical evidence I've seen from Monzo supports that the loan was approved through a trusted device and Mr B's testimony confirmed that the fraudsters told him a loan would be taken out, and he's confirmed he saw the loan funds enter his account.

In the circumstances here, while I accept he was tricked, I'm satisfied the evidence supports Mr B was aware that he had received these loan funds from Monzo and my findings above confirm that Mr B subsequently went on to authorise moving funds from the loan, or at least part of them, on to accounts that were ultimately controlled by the fraudsters. In those circumstances, I consider Mr B is still liable to repay the loan and it is fair for Monzo to seek to recover the money it paid him.

It is for Mr B to decide whether he chooses to repay some of the loan with the redress that I'm recommending Monzo pay him as part of this complaint. However, I would expect Monzo to treat Mr B with forbearance and due consideration when engaging with him about this debt.

As I've decided Monzo can seek repayment of the loan capital, I think it can fairly report this debt on his credit file. That's because it has a duty to ensure data it reports on a consumer's credit file is fair, accurate, consistent, complete and up to date.

### **Putting things right**

For the reasons I've explained, I now direct Monzo Bank Ltd to:

- Refund Mr B £1,906.00 (being 50% of the value of the payments from, and including, the payment for £850, made on 8 March 2024).

- Pay 8% interest on this amount, from the date of payment(s) to the date of settlement.

### **My final decision**

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 February 2026.

Stephen Wise  
**Ombudsman**