

The complaint

Miss K complains Monzo Bank Ltd is holding her liable for a loan which she says was taken out and used fraudulently.

What happened

The details of this complaint are well known to both parties. Rather than repeat them all again here, I've summarised the events and arguments key to my determination.

Miss K opened an account with Monzo in 2019. In May 2024, Monzo approved a £15,000 loan in Miss K's name and paid the capital loan amount into her account. Shortly after, £10,000 was sent on to a third party who I'll refer to as M. The remaining £5,000 was sent by card to what appears to be a trading account.

There was further activity on Miss K's Monzo account after the loan was taken out – including payments to the account from M as well as cash deposits. Loan repayments were also taken from the account up to and including August 2024. Shortly after, in early September 2024, the account was closed. Miss K has confirmed closing her account around this time due to not using it much.

Miss K says the loan wasn't taken out by her and that she only found out about it when she received a letter saying it was in default in January 2025. Miss K reported the loan as fraudulent, but Monzo concluded it had been taken out by her or someone with her authority. Miss K complained about Monzo's decision to hold her liable, and ultimately referred the matter on to our service.

Our investigator didn't uphold the complaint. Miss K said she believed M, who she explained was her cousin, had taken out the loan without her permission. She said M had borrowed her phone, which had her Monzo login details saved on it due to her having a health condition affecting her memory, on several occasions as he (claimed to have) lost his phone. But the investigator wasn't persuaded this accounted for the selfie verification completed at the time of the loan application; how the account had been used, and closed, subsequently; nor why Miss K had initially reported to Monzo that no-one had access to her phone (or card) and that she didn't have any passcodes written down.

Miss K has appealed the investigator's outcome. In summary, she says Monzo hasn't met the necessary requirements to treat the loan as authorised and failed to adequately protect her as a vulnerable consumer.

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 appreciate this will be disappointing for Miss K. But for the reasons explained below, I'm not upholding this complaint. Please note that I will be focussing on the points which I consider key to my decision – which is made on the balance of probabilities.

Miss K has suggested the loan was applied for and used by her cousin M, who she says borrowed her phone which held her login details. But I don't think it's likely M could have done this without her knowledge or involvement.

In early 2025, when Monzo was investigating Miss K's claim directly, she said no-one had access to her card or phone prior to her closing her account; she had never logged in on someone else's device; and she didn't keep any PINs or passcodes written down.

While Miss K has said she thought she was being asked whether she had given access to her online banking on her phone, I think the question put to her was clear. If she knew she had been lending her phone to M, which she also knew contained her Monzo security details, it does seem unusual to me that she wouldn't have mentioned this.

There was only one device accessing the account when the loan was taken out. This was used to upload a 'selfie' photograph of Miss K as verification shortly before the loan funds were released. Then a further selfie verification check, this time a video requiring her to read out numbers, was uploaded shortly before £10,000 was successfully sent on to M.

Based on a comparison with the verification checks Miss K completed on other occasions, such as when setting up the account, I'm satisfied it's her shown in the photograph and video. And I don't think she has adequately accounted for how M (or another unauthorised party) could therefore have got access to apply for and move on the loan without her realising.

I do appreciate the loan funds were transferred on quickly. Miss K's contact details (such as her email address) were also changed when the application was made. And it does also look like the subsequent account activity largely ties back to M – for example, he appears to have paid Miss K's account to fund further transactions. However, the device used to access Miss K's Monzo profile during this period was the same device used to complete the ID verification checks in May 2024. Given this, I still don't consider there to be a plausible explanation for how M, or someone else, could have gained this level of access without Miss K's involvement.

I've also looked at an exchange Miss K has provided which she says shows M is linked to another case of fraud. However, I agree with the investigator that this doesn't overcome or outweigh the issues regarding the verification checks completed. In any event, the evidence Miss K has provided doesn't provide much of detail to show how/whether the other incident – of a different nature – links to M. In any event, it's not specifically related to the incident I'm considering here.

Miss K has suggested M was repaying the loan at first to avoid detection. But this would seem very risky, given Miss K could have viewed all of this activity on her account. She says she wasn't checking her account at all, but that does seem unlikely to me. Especially as she then closed her account which, prior to the loan, held a small balance. It would therefore seem very unlikely that Miss K wouldn't check in case she owed anything or had a balance that she needed to transfer. The issue of what was owed under the separate, ongoing loan was subject to a separate contract/agreement and so there was no reason for Monzo to block her from closing any other settled accounts because of this.

Whoever was accessing the account also sent several messages, in-app and from the amended email address, about paying off the loan and asking for support to do this. Again it would seem unusual for a fraudster to do this if they had taken out the loan in Miss K's name; doing so without her permission would suggest they would be seeking to avoid having to repay it.

I've taken on board what Miss K has told us about her difficult circumstances at the time of this application. However, I'm not persuaded Monzo had been notified of anything that meant it should have known she might need additional support at this point, and/or given it cause to suspect the loan application/use might be linked to fraud.

Overall, on balance, I'm satisfied Monzo has acted fairly here. I don't think it's been shown there is a likely explanation for how M (or another unauthorised person) could have taken out and used this loan without Miss K's knowledge or involvement. So, I don't think I can fairly conclude Monzo should be instructed not to pursue her for this debt.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 20 February 2026.

Rachel Loughlin
Ombudsman