

The complaint

Mr D complains Monzo Bank Ltd (“Monzo”) refuses to refund him for a transaction on his account he says he didn’t authorise.

What happened

The facts of this complaint are well known to both parties, so I won’t repeat them in detail here.

In short, Mr D was booking a hotel online but decided not to continue with the booking when he was asked to complete the 3D secure step (3DS) - and so the transaction was cancelled. However, Mr D says the transaction was attempted again without his knowledge and the payment went through. Mr D says he did not consent to this transaction and didn’t want to complete the booking when he saw the total cost was more than what was originally displayed to him.

Monzo attempted to raise a chargeback on the second transaction which was successfully completed. However, it says this request was defended by the merchant who provided evidence that Mr D contractually agreed to make this payment. So, it hasn’t refunded any money to Mr D. Monzo says it hasn’t done anything wrong here and it has not refunded the transaction as an authorised transaction as Mr D made the payment himself.

Our investigator considered this complaint and decided to uphold it. Monzo didn’t agree with this outcome so, the complaint has been passed to me to consider.

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.

A consumer should only be responsible for transactions made from their account that they’ve authorised themselves. Mr D said he didn’t give permission for the transaction in dispute to be made but Monzo believes he did. So, I have considered the evidence available to decide whether I think Mr D’s actions amounted to authorisation in this complaint.

The Payment Services Regulation 2017 sets out the rules that apply here, and the two main elements for me to consider are the *authentication* of the transaction and *consent*. Both elements need to be proved to conclude a transaction was authorised.

Online transactions are authenticated by entering the correct card details, usually including the long card number, the expiry date, the CVV and sometimes the billing address. In this case I have seen evidence from the merchant in question that Mr D’s card details, security code, expiry date and full billing address were used to authenticate the transaction. And Mr D doesn’t dispute providing these when trying to make a hotel booking online. So, I have then looked at whether the transaction was consented to.

In this case Mr D is not claiming that his card was stolen or his details compromised by a

third party who then made the transaction in dispute. Mr D says he was trying to make a hotel booking, but he says he changed his mind and cancelled the payment during the 3DS step. So, he believed the transaction was successfully cancelled. He says he also didn't consent to the merchant using his details to make the payment again.

I have looked carefully at the process of making this booking, to determine whether the act of declining the 3DS step amounts to removing his consent to the payment in dispute, as this is the crux of this complaint.

I have seen the booking form which Mr D completed when making the booking online. This shows Mr D entered his booking details – such as the number of nights of stay, the number of guests and his contact details. The next stage of this form required Mr D to tick a box to confirm he understood the cancellation policy and agreed to make the booking. Which he did. However, Mr D was then taken to a 3DS screen which gave him the option to “Approve” or “Decline” the payment. Mr D clicked “Decline” - and this payment transaction was not completed.

Following this declined payment Monzo believes that the merchant re-submitted Mr D's card details to process the payment again. This second transaction took place using the card details Mr D submitted for the first transactions and went through without the 3DS step. However, I'm not persuaded the second transaction attempted here should be considered as authorised in these circumstances. I'll explain why.

Mr D clearly clicked “Decline” when the payment was first being processed. This is not in dispute and all parties agree that the action of clicking “Decline” meant the payment was not successful.

Monzo says after Mr D clicked “Decline” he would've seen another screen which asked:

“Why do you want to cancel:

Tell us why you're cancelling your payment so we can keep your account safe.

I don't recognise this payment

I changed my mind”.

Based on the evidence provided by Mr D, I think it's likely he clicked to say he had changed his mind and therefore the payment was not processed. Therefore, Monzo were on notice that Mr D had withdrawn his consent for the payment that he had initially consented to.

At this point the hotel could have simply declined the booking on the basis that it hadn't received payment. It didn't do that, instead it attempted to take the payment again, using a different merchant at a different time. But I'm not satisfied that the merchant had authority for that payment.

Mr D didn't make the second payment himself - by entering the card details into the payment portal. And as there was no form or procedure for Mr D to give his consent here. The fact he declined the 3DS the first time and we think likely said that he'd changed his mind indicates that he no longer consented to the payment (he isn't simply claiming to have no longer consented after the event).

The final question is whether the authority that Mr D initially gave extended to other transactions - i.e. whether, by agreeing to the terms, he gave permission for the hotel, or associated entities, the right to hold his card details on file and debit it.

I don't think the terms are very clear about this and the whole website seems set up to disguise certain key information. So, I'd say that there isn't clear evidence that he agreed for them to hold his card details on file and debit them at a future point in time - in essence his authority for that payment was limited to a single instance.

I appreciate Monzo didn't necessarily do anything wrong by allowing the payment to go through. It's also true that Mr D's declining of the payment didn't change the fact that he owed and was contractually obliged to pay the money to the website. And, given its business model it would have likely defended any chargeback raised. However, this doesn't change the fact that I am not persuaded Mr D gave his consent for Monzo to debit his account for the payment in question.

Ultimately, I've not seen any evidence that Mr D completed the form and procedure for making a second transaction himself, nor did he consent to a third-party doing so. So, I'm not persuaded that the payment in dispute was made with Mr D's knowledge or consent. Therefore, I think this transaction should be considered as unauthorised in line with the PSR's - which means Monzo is liable for it.

Putting things right

In order to put things right I think Monzo Bank should

- Refund the full disputed payment amount
- Add 8% simple interest to the refund from the date of the payment until the date of settlement.

My final decision

For all the reasons outlined above, I am upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 November 2025.

Sienna Mahboobani
Ombudsman