

The complaint

Mr F complains that Monzo Bank Ltd (Monzo) treated him unfairly when it didn't refund a payment he made to a third party.

What happened

The background to this complaint is well known to all parties so I'll just give a broad overview here.

On 2 September 2025, Mr F tried to send £200 from one account he held with Monzo to another he held with Monzo. Mr F tried to make this transaction using Monzo's Peer-to Peer payment feature (P2P) on his banking app.

Unfortunately, as Mr F was entering the name of the account he wished to transfer money to, the app suggested a different customer. This customer had a first name which was the same as Mr L's surname. Mr F pressed this third-party name, and the funds were sent to this account.

Mr F realised the money had been sent to the wrong account and contacted Monzo via its web-chat channel.

Monzo explained that P2P worked by looking at the customer's phone contacts held on their phone and matching numbers held there with its own customer phone number data. This is intended to make it easier and quicker for its customers to send money to contacts who also hold an account with Monzo, reducing the need to ask for contact's bank account details.

Monzo went on to say that either the third party who the money had been sent to had a number that was held in Mr F's contacts, or, potentially, one of Mr F's contacts had allowed the third party to use the phone number as part of an application made by the third party.

Monzo explained that as the money was sent via the P2P process it wasn't protected in the same way other bank transfer methods were, and it could only be recovered if the third party gave permission to return the funds.

Mr F was unhappy with this response. He explained that he had no-one in his contacts that matched the name of the third party and so didn't understand why the app would generate it as a suggested name. Mr F said this was a security flaw in the app and left it very open to fraud.

Mr F also telephoned Monzo and explained to its agent what had happened. The agent looked at the account notes and said the case was still being investigated and Monzo was trying to contact the third-party but the money would be frozen pending resolution.

On 3 September 2025, Mr F followed up the webchat with a request for an update and was told Monzo had attempted to contact the third-party and gain permission for a refund – and it repeated that without this permission it was unable to retrieve the funds.

On 5 September 2025, Monzo contacted Mr F and said it hadn't received a response to the contacts it had made with the third party. It also said it had listened to the call Mr F had made to Monzo on 2 September 2025 and explained that Mr F had been given incorrect information, and the funds were not, in fact, frozen. Monzo said it was unacceptable for Mr F to have been given this information and raised a formal complaint on his behalf.

Monzo wrote to Mr F on 20 September 2025 with its response to the complaint.

It repeated that the P2P process required the third-party to give permission for the refund of funds and said it was trying to obtain this permission. Monzo also explained that it couldn't tell Mr F which number it had matched to its own records, which produced the name of the third-party, as this would be against General Data Protection Regulations (GDPR).

Monzo did acknowledge it had given Mr F incorrect information when it told him the funds would be frozen pending investigation and for this it apologised and awarded Mr F £25 for the trouble and upset this would have caused him.

On 1 October 2025, Monzo contacted Mr F and said it still hadn't received any response from the third-party so said there was nothing further it could do.

Mr F wasn't satisfied with this response so brought the complaint to this Service.

Our Investigator looked at the available evidence and didn't think Monzo had done anything wrong.

He said he could only look at Mr F's individual complaint about how Monzo had handled the transaction made in error and, having done so, he didn't think Monzo had done anything wrong.

Our Investigator went on to say that any wider complaint points about Monzo's business processes were outside of his role and so wouldn't be commenting on them.

Mr F was unhappy with this response, so the complaint has been brought 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.

When considering what is fair and reasonable, I'm also required to consider relevant law and regulations, regulatory rules, guidance and standards, codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time. Where I can't know for certain what has or would have happened, I need to weigh up the evidence available and make a decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

Mr F has commented widely in his submissions on what he considers to be potential breaches of GDPR but that is outside of the jurisdiction of this Service and Mr F should direct any such concerns to the Information Commissioners Office.

Similarly, I'm unable to consider any of the concerns Mr F has mentioned into the design and application of Monzo's business processes. If Mr F has any concerns about Monzo's wider business practises he should direct them to the regulator, the Financial Conduct Authority (FCA).

I mean no courtesy to Mr F by saying this, but the rules on what I can and can't consider are detailed in the FCA's Handbook and I'm bound by them.

My role in this complaint is to consider if Monzo treated Mr F fairly when it didn't refund the £200 that Mr F sent in error to a third party, and having carefully considered the evidence I think it did, and I'll explain why.

When Mr F attempted to transfer money from his account the app presented him with the name of the third party as a possible required destination. This was visible to Mr F, and he selected this name. By doing so he authorised the transfer to the third party's account.

I do appreciate the comments Mr F has made that the name should never have been suggested by the app as a possible destination for the transfer, but as I've already said, it's not for me to comment here on the business processes Monzo uses to generate suggested transfer destinations on its app. The fact remains Mr F instructed the app to send the £200 to an account in the name of the third party.

I have every sympathy with Mr F when he says he did this without realising but as it was an error that Mr F made it's not something I think I can reasonably hold Monzo responsible for.

I've next considered if Monzo did everything I would expect it to in trying to retrieve the funds and after reviewing the available evidence I think it did.

The P2P method of payment transfer is not covered by the same regulations and protection as other methods of bank transfer. It is, in effect, equivalent to giving somebody cash.

Monzo told Mr F that it couldn't retrieve the funds unless they obtained the permission of the third party and it was correct in saying that. I can see from the evidence that Monzo tried to contact the third party on three occasions, and I think this demonstrates a genuine attempt to retrieve Mr F's money. If the third party is unwilling to communicate and/or cooperate in the retrieval that is both unfortunate and very frustrating for Mr F. But I don't think there was anything else in this complaint that Monzo could reasonably do to retrieve the funds, so I don't think I can fairly ask it to do anything more.

Mr F has said he thinks Monzo were in breach of regulations relating to Monzo's duty to treat customers fairly and pay due regard to their information needs. He says Monzo provided him with a name which he couldn't verify based on contact-matching information which it admitted could have been used by someone else. He says this deprived him of an informed, valid authorisation which he feels directly led to his loss.

I've thought carefully about Mr F's comments and can understand his frustration. But the evidence shows, and doesn't appear to be disputed, that Mr F was presented with the third-party name and chose this account to transfer his funds to. On his own admission, Mr F had never heard of the third party but selected this name to transfer the funds to. Even if the third-party name should not have been suggested by the app, I think Mr F had sufficient information to decide if it was the correct account, as he could see the name, and so I don't think I can reasonably say Monzo did anything wrong when Mr F selected this account for the funds to be transferred to.

Finally, I've considered if Monzo did enough when it apologised and awarded Mr F £25 for the incorrect information it gave to Mr F when it told him the funds would be frozen pending a full investigation.

The guidance from this Service says an apology and £25 is fair if it represents a one-off incident or occurrence if it is put right quickly.

In this case Mr F was told by Monzo's call agent on 2 September 2025 that the money would be frozen pending investigation. I can see that on 5 September 2025, Mr F queried this with Monzo and was told he had been given incorrect information. I can see Monzo apologised and awarded the £25 to Mr F for the confusion which I think is fair as I think this event broadly fits the profile of a one-off incident that was put right quickly.

In summary, I can appreciate Mr F will have been both annoyed and frustrated when he selected a name on his app he says he had no contact with or knowledge of. I also note his concerns about Monzo's business process and the functionality of the app. But as he selected this third-party name, Monzo were obliged to process the transaction and then, limited by regulations, it made a reasonable effort to retrieve the funds on Mr F's behalf. As this is what I would have expected Monzo to do I won't be asking it to do anything more.

My final decision

For the reasons stated above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 December 2025.

Ben Castell
Ombudsman