

The complaint

Mr S complains that Monzo Bank Ltd (“Monzo”) won’t refund transactions he didn’t make or otherwise authorise from his account.

What happened

Mr S opened an account with Monzo on 16 July 2022. On 5 August 2022, Mr S contacted Monzo and explained that he’d been forced to give up his phone and all his security details as he had been threatened by a relative. He said that his phone and wallet (which contained his Monzo card as well as the card’s PIN) were taken from him and several transactions were made without his consent. Mr S had since managed to recover his phone. Monzo blocked his card and at its request, Mr S provided a Police Crime Reference Number. Monzo was unable to verify the reference number, but on 9 August it decided to refund the disputed transactions. It also paid £80 compensation to Mr S for the distress and inconvenience he experienced due to some service issues.

On 11 August, Mr S reported further transactions as fraudulent. He said his relative had hacked into his iCloud account and managed to gain access to his Monzo account before making several payments to an e-commerce company over two days. Monzo investigated Mr S’s claim and ultimately declined it and said that based on the timeline of events, the transactions couldn’t have been authorised by anyone other than him. It also gave him two months’ notice that it would be closing his account.

On 21 August, while it was investigating Mr S’s complaint about the declined claim, Monzo received a further fraud notification from Mr S. He said his phone and PIN were stolen after he was held at knifepoint. Monzo concluded that the transactions reported on this occasion couldn’t have been approved by anyone other than Mr S. It also took the decision to close his account with immediate effect.

Our investigator concluded that the evidence Monzo provided showed that the disputed transactions were authorised using Mr S’s device which he’d said was in his possession at the time. So, they could only conclude that it was more likely than not that Mr S authorised the payments. The investigator was also satisfied that Monzo closed Mr S’s account in line with the account’s terms and conditions. And they thought that the compensation Monzo had offered was fair, although they made a mistake in their assessment and quoted the amount as £50 instead of £80.

Mr S didn’t agree with the investigator’s findings and asked for the complaint to be reviewed by an ombudsman. So, the matter has come to me for a 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’d like to start by thanking both parties for their patience while we’ve been reviewing this complaint. Mr S has shared further details with Monzo and our service about the relative and

their actions around the time of the payments. I'm sorry to hear about what happened and the distress this has caused Mr S. I'd like to reassure him and Monzo that although I've only given an overview of what happened, I've read and considered everything we've been provided in its entirety.

When considering what's fair and reasonable, I'm 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 good industry practice at the relevant time.

Where there's a dispute about what happened, and the evidence is incomplete or contradictory, I must make my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence.

Generally, Monzo can hold Mr S liable for the disputed transactions if the evidence suggests it's more likely than not that he made or authorised the transactions himself. In this case, it's not in dispute that Mr S's personalised security credentials were used to make the disputed transactions from his Monzo account.

But the regulations relevant to this case say that authentication isn't, on its own, enough for Monzo to hold Mr S liable. I also need to think about whether the evidence suggests that he, or someone acting with his authority, consented to the transactions being made.

To decide whether Mr S – or someone acting with his authority – made the transactions, I've carefully considered what he's told us about what happened. And I've considered that in conjunction with a review of the available evidence.

At the time he reported the second instance of fraud, Mr S was asked by Monzo if he'd been in possession of his mobile device when the payments occurred. He confirmed that he did. The technical evidence that Monzo has provided shows that there was ever only one mobile device associated with Mr S's Monzo account – the one he registered at the time of signing up for the account. It's also the device that was used for making transactions prior to the ones in dispute. The technical evidence shows that the disputed transactions on both the second and the third occasion were also initiated from that same device.

I've kept this evidence in mind when considering what Mr S has said about what happened. He told Monzo he'd managed to recover his phone from the relative after the first instance of fraud. That means it was in his possession when the second set of transactions were made. As the phone which was used to make the transactions was in Mr S's possession at the time they were made, I can't see how they could have been made without some form of involvement on his part.

I also question how someone could have accessed Mr S's Monzo account by hacking into his iCloud account as he claims. The evidence Monzo has provided shows that he had registered his Gmail account with Monzo, and this remained the case until the account was closed. So, even if it is the case that Mr S's account could somehow have been accessed through a 'magic link' code which was sent to the registered email address, it wouldn't have gone to his iCloud account which he says was hacked. In any event, I don't think this point about email being hacked matters since Mr S's mobile phone was used to complete the transactions.

In relation to the third instance, at the time of reporting the transactions Mr S told Monzo that his phone had been stolen. During Monzo's investigations, he said the device had since been blocked (presumably by the network provider). But the evidence I've seen shows that Mr S had been communicating with Monzo through its in-app chat through the same device which he'd said had been stolen.

I can't say for sure what happened at the time of the disputed transactions. But I only have to reach a decision based on the balance of probabilities, i.e., what I think is more likely than not to have happened. I've weighed up everything and given the discrepancies and a lack of plausible explanation, I don't consider it fair to tell Monzo to reimburse the transactions that are still in dispute. Given the evidence I've set out above, it seems more likely that these were made by Mr S or someone with his authority. I recognise that Mr S will likely be disappointed with this outcome. But I can't safely conclude that Monzo has been unreasonable in holding him liable.

In his response to the investigator's assessment, Mr S didn't specifically comment on the findings made about the account closure and the compensation Monzo paid. So, it isn't entirely clear whether Mr S also disagrees on these points. For the sake of completeness, I'll address them briefly. Monzo's terms and conditions entitle it to close an account under certain circumstances. I've considered the reasons Monzo has provided for closing Mr S's account immediately following the third claim, and I'm satisfied they apply in this case. So, I don't find that Monzo has acted unfairly in this regard.

In relation to the compensation, Monzo accepts that its responses to Mr S's messages at the time of the first fraud notification fell below its standards, particularly in relation to the delay in replying. I've kept in mind that it did need to carry out an investigation. Having weighed up everything, I consider the amount of £80 that Monzo has paid for poor customer service at that time is fair. Because of this, I won't be asking it to do anything further.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 December 2023.

Gagandeep Singh
Ombudsman