

## **The complaint**

Mr K has complained that Monzo Bank Ltd didn't do enough to protect him from fraud.

## **What happened**

Both sides are familiar with the case, so I'll summarise things in brief.

Mr K received a letter from a debt collection agency in relation to a debt of circa £1,000 it said he held with Monzo. Mr K contacted Monzo to say he'd never held a Monzo account and that the debt related to a fraudulent application. He wanted to know how Monzo had allowed this to happen and for the debt to be cancelled. Mr K also wanted assurances from Monzo that this wouldn't happen again. Monzo didn't respond to Mr K's concerns and so he made a complaint.

Monzo partially upheld Mr K's complaint. It said it had carried out the required identity checks when it received the application to open the account and didn't think it had done anything wrong. Monzo took action to remove the debt from Mr K's records, stop recovery action, and deactivate the fraudulent account.

In terms of customer service, Monzo said whilst it took the necessary action as soon as it was notified of the fraud, it accepted it had taken too long to respond to Mr K's concerns. Monzo apologised to Mr K and offered him £100 compensation.

Mr K referred his complaint to the Financial Ombudsman. One of our Investigators considered the complaint and partially upheld it. She said Monzo had no reason to question the validity of the application as all identity checks were completed successfully. And Monzo couldn't provide any information to Mr K on how the fraud occurred. But she didn't think Monzo's offer of compensation for its poor customer service was fair. She recommended an increased offer of £150.

Monzo accepted our Investigator's opinion. Mr K didn't agree. He said if Monzo had no reason to believe the application wasn't genuine – then there must be something wrong with its identification verification process. Mr K said this is a systemic failing by Monzo that the Financial Ombudsman should be concerned about. Mr K also thought Monzo hadn't offered him enough protection or advice to help him avoid further fraudulent activity.

Mr K accepted the £150 compensation but didn't think it would act as enough of an incentive for Monzo to invest in better fraud prevention systems. Mr K said Monzo should pay for his subscription to CIFAS because it had allowed the fraud to take place.

Mr K also said he was still receiving letters from the debt collection agency.

## **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.

Having done so, I've reached the same outcome as our Investigator – and for largely the same reasons. I realise this will be very disappointing for Mr K and I'd like to assure him I haven't taken this decision lightly.

In doing so, I've very carefully considered all the evidence provided and I'd like to assure Mr K that if I don't mention a particular point, it's not because I haven't considered it, but I've focussed instead on what I believe to be important to the outcome of this complaint.

I appreciate Mr K's strength of feeling – and I don't underestimate the impact the identity theft fraud has had on him. He had the worry of his identity being stolen, and the situation was then made worse because of Monzo's accepted poor handling of the fraud claim. This failing by Monzo undoubtedly added to Mr K's distress and caused him a level of inconvenience. But as I go on to explain, I think Monzo has done enough to rectify that.

Mr K thinks Monzo should've done more to prevent the identity fraud. In particular, he's questioned the robustness of Monzo's identification verification processes given it didn't recognise the person opening the account wasn't him. I can understand Mr K's concerns, but my role here isn't to consider the robustness of Monzo's fraud detection systems as a whole - I only need to decide whether Monzo did anything wrong when it opened the account in Mr K's name.

Monzo was presented with official ID in the form of a passport as well as a selfie video. Based on these checks Monzo was satisfied the application was genuine. I've no reason to question Monzo's position here, nor do I have any basis to say it did anything wrong in accepting the application. And so, I can't say any failing by Monzo allowed the fraud to take place.

Having said that, I'd still expect Monzo to have taken appropriate action as soon as Mr K made it aware of the fraudulent activity. Monzo froze the account and recalled the debt from the debt collection agency, as well as requesting the removal of all traces of the account and associated debt from Mr K's credit file.

Mr K thinks Monzo should've done more to protect him for further fraud – making specific reference to registering a CIFAS marker. I can understand Mr K's point, but I'm satisfied Monzo took the action I'd expect it to in the circumstances – froze the account and cancel the debt.

As a result, I'm satisfied Monzo took appropriate and reasonable steps to protect Mr K once it became aware of the fraudulent account. But I don't think it's fair to put the onus on Monzo to have provided advice to Mr K on how to prevent more fraudulent activity occurring because of the identity theft. And because I'm satisfied by the checks Monzo carried out when it opened the account, I don't think I can reasonably expect it to pay for any of the costs Mr K incurs from a subscription to CIFAS.

Looking now at the impact of Monzo's poor customer service, I should firstly add that it's not my role to punish a business for its shortcomings. And so, when considering what a business should do to put things right, I look at the direct impact those shortcomings have had on a customer. In Mr K's case, the initial distress and upset was caused by the fraudsters, not Monzo. I accept Monzo's poor customer service once alerted to the fraud exacerbated this, but being the victim of fraud is, in itself, an upsetting experience.

As I've outlined above, I'm not persuaded Monzo could've prevented the fraudulent activity. It accepts things went wrong after that point, has apologised, and agreed to increase its payment to Mr K from £100 to £150 for the distress and inconvenience its poor service caused him.

In taking all of this into account, I consider the £150 Monzo has agreed to pay Mr K to be a fair and reasonable level of compensation and in line with what I'd have awarded had Monzo not agreed to this increased offer.

It's unfortunate Mr K continued to receive letters from the debt collection agency. This might have been because it took a period of time for the debt to be recalled and for the recovery attempts to stop. Mr K has told us he's working abroad and so is unsure if these letters are still being sent. If this is the case, then Mr K should contact Monzo and it should take immediate action to rectify the situation.

### **Putting things right**

I don't believe it fair or reasonable to hold Monzo responsible for the fraudulent account and the subsequent impact that had on Mr K. That ultimately lies with the fraudsters who stole Mr K's identity. Monzo should however ensure Mr K isn't still receiving letters about the debt.

Monzo did add to Mr K's frustration and concern by not providing the level of service he had a right to expect. It's apologised to Mr K and agreed to compensate him. I think this is a fair and reasonable outcome.

### **My final decision**

My final decision is that this complaint is upheld in part. Monzo Bank Ltd should:

- Pay Mr K £150 - if it's not already done so.
- Take immediate action to stop recovery letters being sent to Mr K – if that is still the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision **before 29 December 2023**.

Anna Jackson  
**Ombudsman**