

The complaint

Mr H complains Monzo Bank Limited won't refund transactions on his account which he says he didn't authorise.

What happened

Mr H contacted Monzo on 24 February 2023 to report issues with his account. Initially Mr H explained he had been the victim of a scam and he had sent £200 to a third party for a loan. Monzo initially reviewed Mr H's claim as a scam and considered whether it could've done more to help protect his account. Monzo's review found that it had taken adequate steps under the relevant regulatory guidelines, and it didn't look to refund the £200.

In late March 2023 Mr H explained to Monzo that he had actually been a victim of crime. Mr H explained he had been robbed, and forced to handover his phone, PIN, ID and his banking credentials. Mr H says those that robbed him carried out transactions which total around £4,500, on his account.

Monzo reviewed this new set of circumstances, and it explained that given the data available and timeline of events, it thought Mr H had authorised the transactions. Monzo also explained it had made the decision to close Mr H's account in line with its terms and conditions.

Mr H was dissatisfied with Monzo's response and maintained that he had been a victim and he didn't authorise the transactions. Mr H referred his complaint to our service.

An investigator reviewed Mr H's complaint and found that Monzo had acted reasonably. They explained that based on the available evidence they hadn't seen anything to show that the transactions were carried out by a third party.

Unhappy with the investigator's review, Mr H asked for his complaint to be reviewed by an ombudsman.

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 required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider good industry practice at the relevant time.

I'm aware that I've summarised this complaint briefly. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. This simply reflects the informal nature of our service.

Firstly, I am sorry to see Mr H has had cause for complaint. I don't underestimate the worry and anguish this situation has caused, and also the stress of dealing with the complaint about it. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the investigator previously set out and for much the same reasons. I will explain why.

Disputed transactions

The relevant law here is the Payment Services Regulations 2017, and broadly speaking Mr H is responsible for any payments that he has authorised (either by making them himself or allowing someone else to) and he isn't responsible for unauthorised payments. Essentially if Mr H made the disputed transaction himself or authorised it to be made on his behalf, it would not be fair to ask Monzo to refund it.

There are occasions when people can be persuaded to make a payment, not realising that it's part of a scam. It seems Mr H had initially claimed he had been a victim of a scam. I can also see Mr H has mentioned someone using his account for cryptocurrency payments. But Mr H's account of events has changed, and when bringing his complaint to our service Mr H maintains that he was attacked, and his phone, wallet and ID were stolen. Mr H maintains the payments were made without his knowledge and authorisation. I must therefore consider his complaint on this basis.

Mr H says he was robbed on or around 18 February 2023 and forced to hand over his phone and PIN. Mr H says he was threatened, and this is why the theft wasn't reported immediately. The transactions Mr H has disputed began on 22 February 2023 and spread over a few days. I have to keep in mind this pattern doesn't match what is typically seen in cases of unauthorised use. Usually if a third party somehow obtains access to an account, they spend the available credit quickly to maximise their gain before access is removed. The transactions in Mr H's case vary in value and appear to take place at very different times of day. They also all appear to be to individuals or cryptocurrency platforms. Typically, this is the pattern we see with scam cases. But Mr H has maintained he didn't make these transactions.

I've also reviewed the technical information Monzo has relied upon when reaching its decision. The disputed transactions were all used making the device registered to Mr H's account, and Mr H's PIN would've had to be entered for the transactions to be approved. I think it's important to highlight that Mr H registered a new device to his account on 26 February 2023, which is when he initially contacted Monzo about the activity on his account. However, the previous device was still used during online chats with Monzo about the claim being made. This suggests Mr H still had access to the previous device which he claims was stolen and used to make the disputed transactions.

I can also see that funds were moved from a separate account with another bank to help facilitate the payments. Mr H maintains all these transactions and movements were done by the individual who robbed him. However, Mr H's account of events has been inconsistent and it's difficult to see how a third party would've known about funds in a separate account. Although the individual payees that were set up are new, I can see from Mr H's account statements that he has made transactions to cryptocurrency platforms in the past. So, it seems fair for Monzo to conclude these transactions were most likely made or authorised by Mr H.

Account closure

Following its review of Mr H's claim, Monzo took the decision to close Mr H's account immediately. Mr H says this left him in a difficult position. It's generally for banks to decide

whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

Monzo has relied on the terms of the account to close it. Monzo can close an account with immediate effect in certain circumstances. I have reviewed the terms of the account and the evidence Monzo has relied on to close Mr H's account, and I am satisfied it closed the account in line with the account terms. I can also see Mr H had an account with Barclays, so whilst the closure may have caused a level of inconvenience, Mr H wasn't left without access to banking facilities.

Monzo accepts it should've been clearer with Mr H during its online chats with him and dealt with the claim faster than it did. I think the £100 paid to Mr H is a fair amount of compensation for this part of his complaint.

Overall, having considered everything, all of the available evidence points to it being more likely than not that Mr H provided authority for the transactions. I realise that this is not the outcome Mr H was hoping for, and he will be disappointed by the decision I've reached. As such, I cannot fairly and reasonably require Monzo to take any further action in relation to this matter. I hope that it helps Mr H to know that someone impartial and independent has looked into his concerns.

My final decision

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 H to accept or reject my decision before 15 May 2024.

Chandni Green
Ombudsman