

The complaint

A company, which I'll refer to as B, complains that Monzo Bank Ltd won't refund a payment it didn't make.

Mr and Mrs W, who are directors of B, bring the complaint on B's behalf.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again here. The facts are not in dispute so I will focus on giving the reasons for my 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.

Having done so, I've reached the same outcome as our investigator for these reasons:

- Monzo has seemingly accepted this concerns an unauthorised payment. But, in line with the Payment Services Regulations 2017 (PSRs), it's refused to refund it because it says Mr W failed with gross negligence to comply with the terms of the account and keep B's personalised security details safe.
- To summarise its main arguments about the scam call, it's said:
 - It wasn't reasonable for Mr W to believe B's account was at risk, as there weren't any attempted transactions. That means B wouldn't have needed a replacement card.
 - Monzo didn't have B's landline phone number, but Mr W didn't query the caller about this. He also could've checked whether it was Monzo via the 'Monzo Call Status' feature in the app.
 - Monzo makes it clear it won't call without arranging it first through the app. It also says it won't ask customers to make a payment or accept a notification on their phone.
 - He was asked to approve a £4,000 payment to a merchant, which isn't reasonable to replace a card.
- For Monzo to show Mr W failed with gross negligence, it's not enough to say he didn't act reasonably. Instead, it must show he acted with *very significant* carelessness; *seriously* disregarded an *obvious* risk; or fell *so far below* what a reasonable person would've done.
- To assess this, I've reflected on the circumstances of the scam. Mr W recalled receiving a call on his business landline – he was told it was Monzo's fraud team and

someone had tried to use B's card. Mr W couldn't see these attempts, so he challenged the caller about who they were, and he was reassured by their knowledge of personal and sensitive account information. So I can see why Mr W trusted the caller – indeed, I think lots of people would've done given the information they were able to share.

- In saying this, I've considered Monzo's points about the landline number and how it arranges calls. While this is of course familiar to Monzo, I can understand how Mr W didn't recall these details in the heat of the moment. I don't think it meant he acted with *very significant* carelessness.
- Mr W can't recall he saw anything about a payment when he approved the notification in his app – he thought it was to secure his account and order a new card. From Monzo's evidence, I'm persuaded there would've been details of the merchant and the amount. But given Mr W's trust in the caller, I can see why he didn't pick up on these at the time and instead, relied on the caller's advice that they were for what he was being told. In saying this, I'm mindful there weren't many steps for him to interact with on the app, and I can see how he would've felt reassured when a notification came through from Monzo when he'd been told to expect it.
- I've also taken on board Monzo's point that he'd ordered cards before and made payments before, so he ought to have recognised something was amiss. But this time, Mr W was acting in the context of a supposed fraud call, something I don't believe he was particularly familiar with. It follows that I can see how he didn't put this all together at the time, and instead simply followed the instructions of who he thought was B's trusted bank.
- Taking this all into account I'm not persuaded Monzo has shown Mr W failed with gross negligence. So, in line with the PSRs, I conclude Monzo must put things right – by refunding B's losses from the disputed payment alongside interest to compensate it for time it's been out of pocket.
- I've noted that Monzo paid B £125 for its delays in answering B's fraud claim, which I think is a fair reflection of the inconvenience caused. So I make no further award for its non-financial losses.

My final decision

For the reasons I've explained, I uphold B's complaint. Monzo Bank Ltd must:

- Pay B the total of the unauthorised payment, less any amount recovered or already refunded. I understand this to be £4,000.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised payment to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 20 March 2024.

Emma Szkolar
Ombudsman