

The complaint

Mrs M complains Monzo Bank Ltd (“Monzo”) refuses to refund her for transactions on her account she says she didn’t make.

What happened

Mrs M says two transactions, one for £1500 and one for £500, were made on her account on 9 February 2023 and 25 March 2023 respectively. Mrs M says she is not responsible for these transactions and doesn’t know the payees the monies went to. Mrs M is unhappy Monzo have not refunded the transactions and that these payments took her into an overdraft she says she never agreed to.

Monzo says it’s not refunding the transactions as they were completed on Mrs M’s registered device and authenticated in the app via passcode. So, it believes the transactions were authorised. Monzo also says that Mrs M agreed to the overdraft and have provided the credit agreement.

Monzo says it should have blocked Mrs M’s account (and not only her card) when the first fraud transaction was reported. Because it failed to do this, it has offered Mrs M £75 in compensation. But Monzo maintain that it still believes both transactions were authorised by Mrs M.

Our investigator considered this complaint and decided not to uphold the complaint but felt Monzo’s offer was fair. Mrs M disagreed so the complaint has been passed 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.

Generally speaking, Monzo is required to refund any unauthorised payments made from Mrs M’s account. Those rules are set out in the Payment Service Regulations 2017. Mrs M said she didn’t carry out the transactions in dispute. So, I must give my view on whether I think Mrs M did authorise the transactions or not.

Monzo have provided evidence to show that both transactions were ‘*faster payment*’ transactions. This means they were bank transfers from Mrs M’s Monzo account to a recipient account. Monzo have also provided evidence that these transactions were made using Mrs M registered device – and this is the only device used on Mrs M’s Monzo account since the account was opened until it was closed. And the evidence shows that the transactions would both need to have been authorised in the app by entering Mrs M’s Monzo passcode.

Mrs M has told us that she has not lost her phone, and no one has had access to it. She also says her phone is protected by a PIN and she has never shared this with anyone, nor has she written it down anywhere. So, I’ve not been provided with any evidence suggesting

Mrs M's device was compromised. And without this, the provided evidence suggests the two transactions were authorised.

I know this outcome will be disappointing to Mrs M and I am not calling her a liar. However, having considered the evidence, testimonies, and relevant legislation (The PSR's) I have been unable to identify a compromise of Mrs M's device and PIN and so, on balance, it is more likely than not that the disputed transactions were authorised.

Mrs M also complained that she is unhappy these transactions allowed her account to go into an overdraft she never agreed to. Monzo has provided a copy of her credit agreement which sets out the overdraft facility and it says she agreed to this – however I've not seen the evidence to show how Mrs M agreed to this. Regardless of this, Monzo honoured the transactions on Mrs M's account that took it into overdraft and the money was transferred to the recipient account. As I've said above, I am satisfied that these payments were authorised, so Mrs M owes Monzo the outstanding amount on the account, whether it is in an arranged or unarranged overdraft facility.

Monzo has offered Mrs M £75 compensation for failing to put a block on her account when she complained about the first disputed transaction. Mrs M should get in touch with Monzo directly should she wish to accept this offer.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 11 April 2024.

Sienna Mahboobani
Ombudsman