

The complaint

Mrs F complains that Monzo Bank Ltd ('Monzo') hasn't refunded a payment she says she didn't make or otherwise authorise.

What happened

Mrs F says that on 19 December 2022 she saw a mobile notification to say that she had an email regarding a payment request from a company that allows customers to make online payments. I'll refer to this company as P in this decision. Mrs F went through P's website to log into her account and saw a message that said she had sent a payment of £579.99 to a company she didn't recognise. The message said that if the payment wasn't authorised Mrs F should contact P's customer support and provided the number. Mrs F logged into her account with P and called the number to speak to P. What Mrs F didn't know at the time was that the support number was fake, and she was speaking to a scammer.

The scammer told Mrs F that the transaction could be cancelled but that her main bank account (not with Monzo) had been compromised. Mrs F was reassured that banks work together. To protect her funds, Mrs F was told to transfer her balance to her Monzo account – where it would be safe. Mrs F has explained that she takes strong pain medication for chronic pain that can make her feel 'out of it' and that she suffers from anxiety. At the time of the call with the scammer she wasn't able to focus properly and had a panic attack. The scammer asked Mrs F to verify who she was. Later, Mrs F was asked to move funds from a savings account and started to worry about this. She said she'd speak to her bank first.

Mrs F contacted Monzo via its chat on 19 December 2022, straight after her call with the scammer. She disputed a transaction for £2,154.72.

Monzo says Mrs F authorised the payment by responding to a message she received, and that Mrs F didn't take enough steps to satisfy herself she was communicating with a genuine company.

Mrs F was unhappy with Monzo's decision. She said she didn't authorise the transaction so Monzo should refund it. She's also unhappy with the service she has received from Monzo, and, in particular, difficulties with the chat function and the length of time it took Monzo to reach its decision not to reimburse her. Mrs F says that the delay has impacted her health and also that Monzo's repeated requests to provide the same information to different people has made her very anxious.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said a chargeback claim wouldn't be successful and that Mrs F authorised the transaction by responding to a text message from the scammer so is presumed liable for her loss unless Monzo failed to intervene when an unusual and suspicious payment request was made. As this wasn't the case, the investigator said Monzo wasn't liable.

Mrs F was unhappy with the investigator's findings and asked for a final decision, so her case has been passed to me to consider. In summary, she said:

- When she first contacted Monzo about the transaction she was told that it would be returned. Mrs F questions why the payment wasn't stopped when it was pending.

- The payment was unusual given the usual operation of the account.

I contacted Monzo and explained why I thought the service it provided caused Mrs F unnecessary stress and inconvenience. Monzo offered to pay Mrs F £100 compensation.

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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017 and the Consumer Credit Act 1974. The basic position is that Monzo can hold Mrs F liable for the disputed payment if the evidence suggests that it's more likely than not that she made it or authorised it.

I'm satisfied that these payments were properly authenticated. But the Payment Services Regulations 2017 - say that is not, on its own, enough to enable Monzo to hold Mrs F liable. Unless Monzo can show that consent has been given it can't hold Mrs F liable and the transaction must be regarded as unauthorised.

I have seen evidence which shows that Mrs F authorised the transaction by inputting her PIN on her own registered device. Mrs F says that she was asked to verify who she was, and this was why she entered her PIN, but Monzo has provided me with screenshots of the screens Mrs F would have seen. These demonstrate that the amount and merchant were both visible when Mrs F was asked to enter her PIN. I appreciate that Mrs F says she had a panic attack but this doesn't change the fact the transaction was authorised so I must view it as such.

I consider that Monzo acted reasonably in not raising a chargeback as the payment was made as part of a scam so a chargeback wouldn't have been successful.

As I consider that Mrs F authorised the transaction, I can only ask Monzo to refund it if I consider the transaction to be so unusual and out of character that Monzo ought reasonably to have intervened and the intervention would have led to the payment not being made. Although I realise that the loss has had a significant impact on Mrs F, the value of it was relatively low, Mrs F credited her account immediately before the transaction and funds remained in the account after the transaction. There's also a balance to be struck; banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to many legitimate payments.

I've also thought about the service Monzo provided to Mrs F. Mrs F has said she was told by Monzo that the pending transaction could be cancelled. I have seen Monzo's chat which said that the payment would be automatically reversed if the merchant didn't collect it. But the merchant did collect the payment so it couldn't be reversed, even though Mrs F reported it soon after it happened. If a payment is pending Monzo has no means to cancel it so there was nothing more Monzo could have done. I agree that Mrs F was later given misleading information though when a Monzo agent said that she needed to ask to stop the payment.

Monzo say that Mrs F stopped responding in the chat on 26 December 2022, so it closed her claim three days later. It's clear this caused Mrs F a lot of additional stress and upset at a time that was already difficult for her. Particularly given the time of year I don't think Monzo acted reasonably. Monzo then took until 26 February 2023 to communicate an outcome to Mrs F. In the intervening period, Mrs F regularly contacted Monzo. She referred to a panic attack brought on by the stress of repeating the same information to different Monzo agents and to Monzo's delays causing her anxiety to rocket. Mrs F also said that she got shingles because of the stress and lack of sleep. Monzo offered to refer Mrs F to organisations that could support her but what she really needed was a resolution to her complaint.

I recognise that most of the anxiety Mrs F suffered was caused by cruel scammers and that different processes apply in respect of authorised and unauthorised transactions and

Monzo's questions were designed to establish which should apply. But I don't think the customer service Monzo provided helped an already difficult situation for Mrs F. Monzo has agreed to pay Mrs F £100 compensation which I think is fair.

Overall, I'm satisfied that Monzo can fairly hold Mrs F liable for the disputed transaction but that it could have provided a better service.

My final decision

I uphold this complaint and require Monzo Bank Ltd to:

- Pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 28 March 2024.

Jay Hadfield
Ombudsman