

The complaint

Miss T complains that Monzo Bank Ltd (“Monzo”) won’t refund transactions made from her account, which she says she didn’t authorise, as well as increases made to her overdraft.

What happened

Miss T opened an account with Monzo on 12 August 2022. A number of payments were received into the account from an individual (“K”), where the majority of transactions that took place between 10 October 2022 and 23 December 2022 were made to online betting sites. Payments also started being made to another individual (“B”) between 12 November 2022 and 3 February 2023. During this time, requests were made for the overdraft limit to be increased on a number of occasions, as well as messages being sent to Monzo asking for a payment plan to be put in place.

Miss T spoke to Monzo on 14 February 2023 where she explained that she had lost access to her account but had noticed overdraft increases showing on her credit score that she said she didn’t ask for. She said she thought it could’ve been her ex-partner who had changed her login details and increased her credit limit.

Miss T told Monzo that she opened her account in August 2022 in order to receive her wages from a job that didn’t eventually go ahead, so she said she never ended up using the account and had only ever used one device to access it, which was either lost or stolen in November 2022. She spoke to Monzo again on 22 February 2023 as she’d subsequently been able to gain access to her account. Miss T said that someone had been using her account and had been making payments without her knowledge or consent.

Miss T said she’d never received a debit card from Monzo and hadn’t made any of the payments from the account. She said she didn’t gamble so wouldn’t have made the payments to the betting websites and didn’t know who either K or B were. However, she said that she kept on getting letters to her address for these individuals. Miss T also explained that she hadn’t sent any of the messages to Monzo asking for a payment plan to be put in place.

Miss T later told Monzo that she had been scammed by K and B, who had told her she was doing a job for them, but it turned out they were taking and sending money to themselves through her account. She said they scammed her on an account she held with a different firm by sending over £10,000 to numerous accounts and she thought they had somehow gained access to her Monzo account to apply for overdrafts and make unauthorised payments. Miss T asked Monzo to refund all the transactions made from the account.

Monzo said it wouldn’t refund the disputed payments as it considered they’d likely been authorised by Miss T and couldn’t determine how they could’ve been carried out by anyone else without her knowledge.

Monzo acknowledged that its handling of Miss T’s fraud claim could have been better, however, and that it had taken longer than it would’ve liked, so it offered £100 compensation in recognition of the distress and inconvenience caused. Unhappy with this, Miss T referred

the matter to our service.

Our investigator didn't uphold the complaint. She noted that there were various inconsistencies and changes in Miss T's testimony that made it difficult to determine exactly what happened, and there didn't seem to be a plausible explanation for how anyone else could have authorised the payments without her knowledge or consent. She also thought the £100 compensation offered was fair.

Miss T disagreed. Following the investigator's view, she acknowledged that she had given false information and lied to Monzo. She said that as part of the job scam she was caught up in, she had given her Monzo payment cards and account details to third parties, as the agreement was that she would let them use her account for gambling transactions and she would receive payment in return.

Our investigator said that Miss T appeared to have authorised the payments based on what she'd told us, so she didn't think Monzo acted unfairly by failing to refund the transactions. Miss T disagreed, so the matter has been escalated to me to determine.

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 agree with the conclusions reached by the investigator and have decided not to uphold it. I'll explain why.

Miss T's testimony has been inconsistent throughout her complaint and various aspects have changed over time. She has also confirmed that she originally gave false information to both Monzo and this service, meaning it's difficult to establish how everything likely unfolded. I've set out a summary of her testimony below and how this has evolved:

- Miss T originally told Monzo on 22 February 2023 that she hadn't ever used her account since opening it. However, she later clarified on 30 March 2023 that she did make some payments back in November 2022, but that all payments from December onwards were part of another scam she was involved in. However, all the payments made in November 2022 had been funded by transfers made into the account from K.
- Miss T initially told Monzo that she didn't know who K or B were and had been receiving letters for them at her address. But she later claimed that she was doing a job for them, and then that they were scamming her. She also said at one point that she had met K on a night out when she lost her bag and phone.
- Miss T said that she hadn't made any of the payments to the gambling websites. But Monzo have shown that some of these payments required additional authentication through the Monzo app using her PIN. She said she lost her phone towards the end of November 2022, but the transactions being made to the gambling website started prior to this in October 2022, which was also before she said she fell victim to the job scam with K and B. Miss T later said she had lied to Monzo about losing her phone in November 2022.
- Monzo has also shown that the payments Miss T made to B were subsequently transferred on to external accounts Miss T held with other banks. Monzo's details also shows that B is registered as living at the same address as Miss T.

- Miss T said that she never received any payments cards from Monzo. But the evidence shows that three different cards were sent to her address. Following the investigator's view, Miss T later told us that she was approached in October about a gambling job, which was the precursor to the job scam. She said the agreement was that she and others would use her Monzo account for various betting activity and she would receive a salary in return, despite previously saying she didn't recognise the gambling transactions.
- Miss T admitted that she *did* receive the debit cards, but that she was told to send them to a postal box where others would collect and use the cards to carry out the gambling transactions, for which she would receive payment in return.

Given the inconsistencies in Miss T's testimony, I'm unable to place much weight, if any, on what she has told us, as I do not consider it to be reliable. She also hasn't been able to provide substantive correspondence between her and the scammer to demonstrate how everything unfolded, to show whether this matches her version of events.

Based on what Miss T has most recently told us, it appears that she had agreed to hand over her payment cards and account details to the alleged scammers, and that she was aware these would be used to carry out transactions on her account, which she thought she was being paid for, (though it's not clear what sort of job Miss T thought this was or why she would receive a salary simply for letting people use an account in her name).

As a result, I don't find it plausible that she was unaware of the transactions or the overdraft increases on the account. I appreciate Miss T says it wasn't her who requested a payment plan on the account, but it would be highly unusual for a scammer to request this, and I don't consider this to be plausible either.

In terms of whether Miss T can be said to have authorised the payments, The Payment Service Regulations (PSRs) 2017 say that a payment transaction is authorised by the payer where they have given their consent to the execution to the payment transaction. Such consent must be given in the form and in accordance with the procedure agreed between the payer and the payment service provider.

I appreciate Miss T may not have physically carried out the transactions herself. But the PSRs 2017 do allow for payment transactions to be initiated by someone acting on behalf of the account holder, which can be agreed informally (e.g. by the account holder asking or permitting a third party to undertake a task on their behalf). And if the account holder has permitted a third party to appear as if they have the consumer's authority to make payment transactions – such as providing their card or account details for payments to be made – those payment transactions will likely be authorised, even where the consumer didn't ask the third party to make any payments or know about them.

In this instance, Miss T said she was aware that transactions would be made from her account, and that she had provided her card and account details to who she thought was her employer in order for these transactions to be made in return for payment. I'm therefore satisfied she had given her consent for payments to be made from the account on her behalf. The fact that she thought she was being paid for this does not negate or nullify this consent/authority either. As a result, I don't think Monzo has acted unreasonably by treating the transactions as having been authorised by Miss T and I don't think it needs to refund them as a result.

Miss T has also said that Monzo should have done more to protect her, so I've considered whether it should have intervened at any point.

I appreciate that some of the activity may have appeared unusual. But even if I were to accept that Monzo should have intervened and spoken to Miss T, given she was aware her account was being used by a third party, it seems unlikely she would've disclosed this or told Monzo to prevent any particular payments. Miss T hadn't been honest with Monzo when she knew she had been scammed, so it seems unlikely she would've given honest answers if it had intervened and spoken to her prior to this, so I don't think it can fairly or reasonably be held liable for failing to prevent the scam in these circumstances.

I also don't think there was anything more Monzo could've done to recover the money either. The card transactions made to the gambling sites could not be recovered through a chargeback, for example, as the gambling services would have been provided in return for payment. And in terms of the payments made to B, Monzo has shown that this was another Monzo user, and that the money was subsequently paid on to other accounts held in Miss T's name, so there would've been no prospect of it recovering this money either.

In terms of Monzo's handling of Miss T's fraud claim, I appreciate it could have concluded its investigation much sooner, though it wouldn't have helped that Miss T had provided false information. However, Monzo has offered £100 compensation in recognition of the delays, which I'm satisfied is fair and reasonable in all the circumstances, so I won't be asking it to make any further award.

Finally, I note Miss T has also said she's unhappy that Monzo forced her to take out an overdraft when she first opened her account. However, if Miss T considers that Monzo has acted unfairly in this respect or lent irresponsibly, she will need to raise a complaint with the bank in the first instance before our service is able to consider it.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 April 2024.

Jack Ferris
Ombudsman