

The complaint

Mr F has complained Monzo Bank Ltd won't refund him for two debit card transactions made to a holiday company. Mr F didn't get the service he was expecting and didn't know about the second payment taken.

What happened

In December 2023 Mr F was going abroad with his son. He had difficulty checking in. He called the holiday company (who I'll call L). Although they had to call him back on a different line, Mr F understood he was being charged a further £250 to sort out some name changes which would enable his check-in to go ahead.

Mr F authorised this payment using his Monzo app.

Mr F and his son had great difficulty checking in at the airport and were concerned that they wouldn't be able to fly but everything got sorted. Mr F was then worried he'd been charged £250 and never received the service he expected. On 20 December Mr F was charged a further £161.77 by L without any confirmation why.

Mr F complained to Monzo that he'd been defrauded as he was concerned that L had been hacked and he'd been charged by a scammer masquerading as L. Monzo believed Mr F had authorised the payments. They were also concerned that he was reporting transactions as fraud when they believed these were disputes about goods and services. They wouldn't refund Mr F.

Mr F brought his complaint to the ombudsman service.

Our investigator received detailed information including the full invoice for Mr F's holiday and what he'd paid. He was also able to see from Monzo's evidence that Mr F had authorised a payment to £250 to L. Based on the evidence, our investigator asked Monzo to refund £161.77 to Mr F as there was no evidence this had been authorised or that Mr F was told why this additional charge was being levied. Mr F had also complained at the amount of time he'd had to spend trying to get this sorted and our investigator asked Monzo to pay him £100 for the trouble caused.

Monzo were unhappy about this outcome and have asked an ombudsman to consider Mr F's complaint. They noted that holiday companies' terms and conditions often enable them to accept deposit and further balance payments so believed this is what those additional payments could be.

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. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of

probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

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 to have been good industry practice at the relevant time.

The regulations which are relevant to Mr F's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. There are exceptions to this and that would include if the customer had acted with gross negligence or intent to allow any security details – including the card and PIN – to be used by someone else. There's no indication that these latter aspects are relevant to Mr F's complaint.

To help me come to a decision, I've reviewed the evidence Monzo provided as well as what Mr F has told us. I know that our investigator shared the evidence of Mr F's holiday booking – and what this entailed and how payments were made – with Monzo. It's worth just stating that I'm satisfied – until the need for an additional payment for £250 came to light – that Mr F had paid his holiday in full.

I believe Mr F authorised the debit card transaction for £250 but not the subsequent transaction for £161.77. I say this because:

- Monzo's evidence and Mr F's testimony match in that Mr F authorised the payment for £250 after a conversation with L. I can see how the transaction was authenticated within Mr F's Monzo app. Mr F doesn't dispute this.
- Mr F was worried that he'd been conned and that the two transactions to L had gone to a scam company. Based on the evidence Monzo has shared, I think this is very unlikely and I believe L received two payments from Mr F. The first payment he knew about, but he knew nothing about the second. I've seen nothing to show that the second payment – which Monzo agree wasn't authenticated in the same manner – was properly authorised by Mr F. Nor do I believe he knew why this charge was levied. I am aware that Mr F has taken this matter up direct with L but with no success.
- Mr F is concerned that later he discovered that he didn't get the service he expected from L so disputed the first payment too. Monzo is concerned Mr F lied to them. I can see no evidence of this. All I would say is that reporting fraud whether that's where someone believes they've been scammed or not got what they'd expected is a difficult business. Monzo's approach to this seems very black and white. Automation doesn't tend to lend to nuance. I would dispute Monzo's view that Mr F has committed first party fraud which seems rather an extreme view to take in the circumstances.
- I think Monzo's view is partly based on what they see as Mr F also authorising two holiday company transactions for £3,119.96 (attempted within seconds of the £250 transaction) when he had no funds in his account. I'm aware what Monzo has showed us that Mr F similarly authorised these within his app. I'm not at all convinced he knew these were for transactions of this magnitude as there'd be no basis for him agreeing to them. I'm satisfied these two transactions were fraudulent but did not proceed as Mr F didn't have the funds.
- I think Mr F is probably right and he didn't get the service he was paying for when he paid L £250. Otherwise, why would he have so much difficulty booking onto his

flights. Monzo could have – if they'd understood the nuance of what was going on – raised a chargeback with L but I doubt very much – based on my knowledge of the international card scheme rules and how merchants respond to chargeback challenges – that this would have been successful. I can understand though why Mr F found this such a frustrating experience and on the top of everything, he found that Monzo were closing his account. I'm not convinced Monzo have managed this complaint well and in their responses to our service have been inclined to keep digging further into the hole they've already dug.

Putting things right

Based on the evidence and what I've stated above, Monzo will need to refund £161.77 to Mr F along with 8% simple interest from 20 December 2023, when Mr F was first debited.

Mr F is right in that this has been more protracted than it should have been. I can see how much time and effort he's put into getting things sorted. I don't know why Monzo took against Mr F but I'm sure this contributed to what happened. Like our investigator, I believe compensation of £100 is fair and reasonable.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- Refund £161.77 to Mr F;
- Add 8% simple interest a year to that amount from 20 December 2023 to the date of settlement; and
- Pay £100 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 December 2024.

Sandra Quinn
Ombudsman