

## **The complaint**

Mr H is unhappy Monzo Bank Ltd didn't intervene on payments he sent to a scammer. He says the bank ought to have flagged the transactions as suspicious, and had it intervened the loss would have been prevented.

## **What happened**

In early 2022 Mr H was introduced to an investment opportunity by his friend, to buy shares in what was purportedly a mining company. The deal was arranged through a separate advice company based abroad – and after speaking with them, Mr H transferred £10,000 to an account in Dubai for the initial purchase of the shares.

Over the next few weeks in March 2022, several more international transfers were made (all for under £5,000) to pay for what Mr H thought were various fees and deposits. Shortly after sending around £28,000 in total, Mr H was told the investment had failed, meaning everything had been lost. It was at that point he says he realised he'd been scammed.

Mr H alerted Monzo to the fraud at the end of September 2022. Monzo replied to say the payments weren't covered for a refund due to being international transfers. A complaint was subsequently raised, through a representative, which said the transfers were out of character for the account – and so the bank should have questioned them before sending. Mr H argued they were large amounts to a new payee, sent internationally, and were a significant uplift compared to his previous monthly spending. Had there been an intervention, he believed the scam would have been uncovered, as there were warnings online about the company that provided the advice.

Monzo's reply didn't dispute Mr H had been scammed, but it didn't think it was liable for the loss. Unhappy with the bank's stance, Mr H referred the complaint to our service for review. One of our investigators assessed everything and didn't think Monzo had acted unfairly in the circumstances. In his view, the transfers weren't out of character, as there were other large payments in and out of the account in the months prior to the disputed transactions. One of them was for around the same amount as the largest transfer sent as part of the scam – so the investigator didn't think Monzo were reasonably on notice he was at risk.

Mr H didn't accept the investigator's view, and argued that one previous transfer of matching size didn't mean the scam payments would have looked usual for the account. He still firmly believed Monzo ought to have intervened. So, as no agreement could be reached, the complaint was passed to me for a final decision on the matter.

## **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'm not upholding the complaint. I appreciate that will come as a great disappointment to Mr H, who has sadly lost a great deal of money to a cruel and sophisticated scam. I have a great deal of sympathy for what he's been put through at the hands of the fraudster. But, on balance, I can't fairly say Monzo should be held responsible for the loss. That's because I don't consider the bank ought reasonably to have been on notice that Mr H was at risk of being scammed, and I've explained why below.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR's). Mr H 'authorised' the transactions in question (he made them), albeit under the false belief they were for a legitimate investment. So Monzo were under an obligation to process the payments – but that isn't the end of the story, as far as the bank's responsibility in the matter goes.

While that's the starting position, I've also taken into account the regulator's rules and guidance; relevant codes of practice, along with what I consider to have been good industry practice at the time. That means I consider Monzo should fairly and reasonably have been on the look out for the possibility of fraud at the time, and intervened if there were clear indications its customer might be at risk. Monzo didn't make enquiries with Mr H about these payments before processing them. So the question for me to decide is whether the disputed transactions ought to have looked concerning enough to have prompted fraud checks.

Mr H has said typically he made lower value transactions on the account and had a balance of less than £200. That is evident several months prior to the scam payments. But during the three months in the run up to the fraud, the activity changes – with much larger amounts being transferred in and out of the account more regularly. In that time Mr H sends two faster payments in the thousands of pounds, with one being around the same value as the highest disputed transaction. There were also two transactions totalling around £18,000 paid in (by a company) – and many thousands of pounds transferred in and out, from Mr H's savings. The account carried a high balance for parts of that period – and, as money went out, it reduced back down to under £200 at different times.

Mr H didn't send any international transfers in the months leading up to the scam. Those carry an increased risk when compared with domestic payments, though the country these ones were going to wouldn't have represented a particular concern. So, I accept the international nature of the payments, along with it being a new payee, wasn't typical for the account and would have indicated an increased risk potential. But I don't consider the size of the transfers, in the context of the recent account activity, would have looked markedly out of character or worrying by that point. We wouldn't expect a bank to run fraud checks on every international payment made either. The smaller amounts transferred after the initial £10,000 weren't escalating in value or made in quick succession. They were sent over a four week period, with no more than one made in a day and sometimes many days between them. So there wasn't an obvious scam pattern forming that I think Monzo ought to have picked up on.

Overall, I don't agree that the factors evident to Monzo meant it ought to have stopped the payments, or that there were sufficient indications Mr H was at risk of fraud. I'm sorry to disappoint Mr H, and I recognise the huge impact the fraud will have had on him. I just can't fairly say that Monzo ought to have prevented the loss.

I've also considered the bank's actions in respect of attempting to recover the money sent as well as the service provided. But I haven't found any failings in either regard. Monzo has said by the time it was alerted to the fraud there were no funds in the account at the receiving bank left to recover. Given the time that had passed, and the likely speed with which the fraudsters will have moved the stolen funds on, I don't consider there's more Monzo could have done.

I acknowledge Mr H's comments, via his representatives, about the speed with which the bank investigated the claim, and the difficulty he had reporting it in the app. But having reviewed the in-app conversations, and the timings of the various responses, I'm satisfied the service provided was reasonable in the circumstances. Replies were given within fair timescales, and show Monzo took the concerns seriously. So I don't consider Monzo need to do anything further in relation to the service aspect of the complaint.

### **My final decision**

My final decision is I don't uphold Mr H's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 April 2024.

Ryan Miles  
**Ombudsman**