

The complaint

Mr M complains about Monzo Bank Ltd.

He says that Monzo didn't do enough to protect him when he became the victim of a scam and would like Monzo to refund him the money he has lost.

What happened

Mr M was contacted via WhatsApp by a supposed recruitment company offering employment in the form of task-based online work.

Mr M was persuaded to take up the opportunity and was even paid £50 up front which persuaded him of the legitimacy of the offer.

Initially, Mr M was told to purchase cryptocurrency from individuals which would then be paid to his crypto wallet before he moved this on to the company, and eventually purchase crypto direct from a crypto exchange, which he moved on to a new wallet as directed.

The money was used to purchase 'tasks' which Mr M would complete, and he was paid small amounts of supposed 'commission' which convinced him to keep going.

However, once Mr M made the last much larger payment, he was unable to withdraw his 'commission' and was told that he needed to pay an even larger sum in order to get his money. He then realised he had been the victim of a scam.

Mr M made the following payments as part of the scam.

Date	Payee	Payment type	Amount
19/12/222	Individual	Faster payment	£95
20/12/2022	Individual	Faster payment	£200
21/12/2022	Individual	Faster payment	£50.19
22/12/2022	Individual	Faster payment	£100
23/12/2022	Individual	Faster payment	£950
23/12/2022	Individual	Faster payment	£2,230
23/12/2022	Individual	Faster payment	£300
23/12/2022	CRO	Card	£5,000
		Total	£8,925.19

Mr M also received credits of £410.72.

Mr M complained to Monzo, but it didn't uphold his complaint. He then brought his complaint to this Service.

Our Investigator looked into things but didn't think that the complaint should be upheld. They explained that they didn't think that the payments Mr M made as part of the scam were sufficiently uncharacteristic or unusual for Monzo to have been concerned about what was going on – and so it didn't miss an opportunity to intervene.

They went on to explain that the payments Mr M made were not covered under the Contingency Reimbursement Model (CRM) code, and Monzo would be unlikely to recover any more funds than the £100 it managed to from one of the individuals he paid.

Mr M didn't agree, so the complaint has been passed to me to make a final 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.

Having done so, I've decided not to uphold Mr M's complaint for broadly the same reasons as our Investigator. I know this will be disappointing for Mr M, so I'll explain why.

It isn't in dispute here that Mr M has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 having been good industry practice at the time.

In broad terms, the starting position at law is that a banks, electronic money institutions (EMI's) and other payment service providers are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

However, taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr M when he authorised payment from his account or whether it could and should have done more before processing the payments.

Monzo has provided Mr M's account statements from May 2022 and having considered the payments Mr M was making as part of the scam in comparison to the other payments he was making, I don't think that any of the payments Mr M made were significantly unusual or

uncharacteristic enough for Monzo to have first got in touch with him before processing the payments on his request.

I do understand that Mr M made a payment of £5,000 to CRO – and that he and his representative consider this to be a point at which an intervention by Monzo should have taken place. They say that this payment was significantly higher than the other payments, and that as this payment went straight to a crypto exchange that Monzo should have got in touch. But I disagree.

Mr M made similar sized payments on two separate occasions – including a payment of £4,000 only a few days prior to this payment being made – and although the payment is going to crypto, not every payment made to crypto is as a result of a scam.

Recovery

I have considered whether Mr M would enjoy protection under the CRM code for the first seven payments that he made – but unfortunately for Mr M, as he purchased crypto from private individuals which was supplied to him (known as a 'P2P payment'), the CRM code does not apply, as Mr M was provided with the crypto currency he then moved on to the scammer. This also applies to the payment he made to the crypto exchange as the payment was made by debit card which also isn't covered under the CRM.

I also don't think that there was anything Monzo could have don't to recover the funds Mr M paid out to the individuals or the crypto exchange. I know that Monzo was able to recover £100 from one individual – but in all circumstances, Mr M received what he paid for before paying this on to the scammer – so I don't consider there to have been a legitimate reason for reclaiming the money – and once the crypto was moved on the scammer there would be no way of recovering this money at all.

Summary

I am very sorry for the situation Mr M now finds himself in – I know that he acted in good faith and has lost a lot of money as a result of the scammers actions – but this is the fault of the scammer themselves, and I can't ask Monzo to refund Mr M when I don't think that it has done anything wrong.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 April 2024.

Claire Pugh
Ombudsman