

The complaint

Miss W complains that Monzo Bank Ltd hasn't reimbursed her for money she lost through a scam.

What happened

In June 2023, Miss W received a message in an existing thread of correspondence with a credit card provider. It claimed that a new card request had been received. Miss W carried out an online search against the number but found nothing untoward. As this formed part of an existing chain of messages from the genuine card provider, it appeared to be genuine and so Miss W called the number.

During the subsequent call, she was told that payments had been attempted on her card in addition to new card requests being made. The call handler was able to provide Miss W with numerous convincing details.

Miss W was then told the cause of this attempted card fraud was that her mobile phone had been compromised. She was told that her bank account (held with a bank I'll refer to as D) was now at risk as a consequence of the attack on her phone.

The call handler said she'd need to take steps he said were needed to protect her funds. At this point Miss W explains she'd been on the phone for some time, and it was late at night. But the call handler told her it had to be done now to avoid risk to her money.

The call handler talked her through the process of transferring funds from her account with D into her Monzo account. From there she made payments to her emoney wallet held with a major cryptocurrency exchange (I'll refer to this as E). Once a limit was reached with E, Miss W explains she was then led by the call handler to transfer funds to wallets with two other cryptocurrency exchanges.

She was told this would ensure her money was kept safe. But in reality, this had been a scam and everything she'd sent was lost.

Monzo blocked a final payment attempt, and shortly after this Miss W uncovered the scam. She reported the matter to her banks. Bank D said it wasn't liable because Miss W had been paying her own Monzo account, and directed her to raise the matter with Monzo.

Monzo took time to investigate. When it ultimately responded, Monzo said it wouldn't refund Miss W all the money she'd lost.

It said she'd authorised the payment she'd asked it to make to E and that this had been to her own account with E. It had no reason at the time to have suspected this payment was part of a scam. But Monzo offered to refund the money Miss W had paid to the other cryptocurrency exchanges (with whom she had not held an account).

Miss W didn't accept this outcome. She thought Monzo should also refund her payment to E. She didn't think Monzo had treated her appropriately when she'd reported the matter and

when it had investigated her claim. She detailed the impact this matter had on her, and the circumstances she had been in at the time.

Our Investigator looked into what had happened. She didn't think Monzo was at fault in permitting the payment Miss W had sent to her account with E. She thought that the payment wouldn't have obviously been connected to a scam, and it was going to an account Miss W had held and used previously. With that in mind, she thought Monzo's offer to refund the remaining payments was fair.

The Investigator also considered how Monzo had handled Miss W's claim and complaint. She thought Monzo hadn't handled things as well as it should have and that this had added to the impact on Miss W. But she thought Monzo's offer of £285 for its poor customer service was fair in the circumstances.

Miss W didn't accept this. I have been asked to reach a final decision on her complaint.

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.

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 to be good industry practice at the time.

Since the investigator's review of the complaint, Monzo has submitted its file of papers. I have carefully reviewed what the bank has submitted, but there was no information in there that led me to alter my findings.

I have considerable sympathy for Miss W and what has happened to her. She was the victim of a cruel and cynical scam. This was a crime, and Miss W is the innocent victim, losing a significant sum of money. She has detailed the circumstances she was in at the time of the crime, and the considerable impact it subsequently had on her. I do not underestimate this and have taken everything she's explained into account.

However, while I have natural sympathy for Miss W in what happened, I have to recognise that the principal cause of her losses here were the criminal scammers. I cannot hold Monzo liable for the resulting financial losses unless I find Monzo was somehow at fault in what happened and that the loss was a direct consequence of that fault.

Monzo has refunded Miss W for the final payments she made from her Monzo account. It has not agreed to refund the payment Miss W made to her account with E, the cryptocurrency provider.

As the amount Miss W paid from Monzo to E is the amount she remains out of pocket, I will predominantly focus on that transaction in what follows. But I have considered everything as a whole in reaching these findings.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

The payment Miss W made to E was an 'authorised payment' even though Miss W now knows she was the victim of a scam – Miss W made the payment herself. So under the

Payment Services Regulations 2017, and the terms and conditions of her account, Miss W is presumed liable for the ultimate loss in the first instance.

Given the account was held by Miss W and E credited her account with the correct value she'd paid from Monzo, Monzo had no ability to recover the payment after it was made. The payment had been sent by Miss W and the received funds had been utilised before the scam had come to light.

In some circumstances I'd have expected Monzo to have intervened before it processed a payment instruction for its customer. That would apply even where the payment was being sent to an account held by the customer where I thought the bank ought reasonably to have identified that the payment was likely connected to a fraud or a scam and thus liable to result in financial harm to its customer.

But that said, I cannot reasonably expect a bank such as Monzo to intervene unless it had (or should have had) such suspicions. Here the payment was going to an account Miss W had previously set up in her own name and used for legitimate transactions.

It's not clear to me that Monzo could have known at the time that Miss W had previously made legitimate use of her account with E, but I am satisfied (given the restrictions E imposes) that it would have been known to Monzo the account with E was one held in Miss W's name.

And while the payment was larger than prior payments Miss W had made on her account it wasn't so substantially large that I could fairly expect Monzo to have blocked it. Again, Monzo had a primary obligation here to make the payment Miss W had asked it to make. It could only take action to block the payment where it had reason to believe Miss W was likely to incur financial harm through fraud or scam.

At the point of this first payment, I simply don't think that would have been apparent.

By the time of the subsequent payments, a pattern was beginning to emerge and Monzo ultimately did step and block further payments from being made. But no such pattern could exist or be identified by Monzo at the point of the payment to E.

None of this takes away from what happened to Miss W and the impact this scam had on her. But I can't fairly hold Monzo liable for the remaining payment under dispute, it was obligated to carry out her instructions at that time.

As I've noted, the majority of the impact of this crime on Miss W was the fault of the criminal scammers who cruelly deceived her. I have no power to make an award for the impact of that crime, I do not find Monzo could have reasonably prevented it. But I can consider the impact of Monzo's subsequent handling of Miss W's claim and complaint. I have carefully reviewed this and taken into account everything Miss W has said about the impact of this on her. Monzo has offered Miss W a total sum of £285 for what it accepts was poor customer service. In the circumstances I consider that is in line with the level of award I would likely have made, and is fair. I do not require Monzo to do more.

My final decision

For the reasons given above, I do not require Monzo to do more than it has already offered to Miss W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 16 October 2024.

Stephen Dickie
Ombudsman