

The complaint

Mrs M complains that Monzo Bank Ltd (Monzo) won't refund money she lost in a scam.

What happened

What Mrs M says:

Mrs M found a company advertising on a booking website. Mrs M contacted them and had regular contact. She confirmed the dates of the booking on WhatsApp and she was sent a link to confirm the booking and make payment. On 31 May 2023, Mrs M made an online payment from her Monzo account to the company to book an apartment in Amsterdam:

Date/ Time	Payment	Amount
31 May 2023 – 18.06	International payment via mobile app – to bank account in Spain	£1,600.43 (in euros)
Total loss		£1,600.43

As soon as the payment was made, the beneficiary stopped communications and didn't take her calls. She then realised she had been scammed.

Within 30 minutes of making the payment, Mrs M contacted Monzo to report the scam – as she felt nervous as soon as she made it. She says Monzo took too long to give her a response to her scam claim – and after three months she was told there was nothing Monzo could do. She says Monzo didn't give any warning messages about transferring money to unknown accounts. And even though she contacted Monzo within 30 minutes, they couldn't get her money back. She says Monzo should refund £1,600.

What Monzo said:

Monzo said they wouldn't refund the money as it was to an overseas account. They only look to make refunds where a payment is to a UK account. So because of that, it wasn't covered by the Contingent Reimbursement Model (CRM) Code – which provides for refunds for scam payments to UK accounts.

Monzo apologised that their investigation had taken longer than expected – as it was more than their targeted timeline of 35 days, and for that paid compensation of £50.

Our investigation so far:

Mrs M brought her complaint to us. Our investigator didn't uphold it. He said the payment was too low in value to be stopped or questioned by Monzo. He didn't consider there had been any chance of recovering the money. He agreed Monzo should've given an answer to Mrs M quicker, and the compensation paid (£50) was enough for that.

Mrs M didn't agree and asked that an ombudsman look at her complaint, and so it has come to me to make a final decision. She said that for her, the payment wasn't low in value at all – it was two months' mortgage payments. She had reported the payment to Monzo within 30 minutes and received no warnings or prompts about checking the recipient bank details.

She says Monzo should have stopped the payment – and why was the scammer allowed to remove the money within seconds? She said the gesture of goodwill of £50 amounted to only 3% of the money she'd lost.

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.

I'm sorry to hear that Mrs M has lost money in a cruel scam. It's not in question that she authorised and consented to the payments in this case. So although Mrs M didn't intend for the money to go to a scammer, she is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case. But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have 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.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Mrs M when she made the payment, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides refunds in certain circumstances, but it doesn't apply in this case. Monzo hasn't signed up to the Code, but follow its principles. That said, it applies to faster payments made to another UK beneficiary – and in this case, the payments were made by Mrs M to an account overseas. So it doesn't apply in this case. I have therefore looked at this complaint using general Authorised Push Payment (APP) considerations.

The first consideration here is: was the payment of a sufficient size and out of character with how Mrs M normally used her account? I looked at Mrs M's account, and it's fair to say that the payment was unusual for her – she made low value overseas payments regularly (less than £50). But there hadn't been any activity on her account from November 2022 to when the payment in question was made in May 2023. So to that extent, the payment in question was unusual.

But, in considering Mrs M's complaint the main point is: there's a balance to be made; Monzo has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

And here - this was a single payment and for a relatively low amount. Therefore, in this case, I think Monzo acted reasonably in processing the payment – I don't think that I could reasonably say that Monzo should have stopped the payment for further checks.

Mrs M argues she wasn't sent a warning message and should've been. We asked Monzo about this and they said a warning message wasn't sent for this payment. But there were general warnings and an article on scam awareness on their website, and which could be read via the app. I consider – that for the value of the payment – this was proportionate.

I also asked Monzo whether there was a 'Confirmation of Payee' check done – but they said this wasn't possible for an international payee. It's also reasonable for me to say that this wouldn't have prevented the scam in any case – as all it does is confirm the bank and payee details as a match to what Mrs M was told.

Recovery:

Mrs M has argued that Monzo didn't do enough here. So I looked at what Monzo did.

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Monzo took the necessary steps in contacting the bank that received the funds – in an effort to recover the money. I can see that the payment had reached the beneficiary at 18.06. I saw evidence that Mrs M contacted Monzo at 18.43 on 31 May 2023 – as she said, quickly after making the payment.

Monzo contacted the recipient bank (via their payments partner) at 08.11 the following morning (1 June 2023). And at 14.22 on the same day, received a message back - that no funds remained to be repaid. Unfortunately, that's not unusual in cases of scams – the beneficiaries normally remove the funds within minutes. It's also difficult for UK banks to obtain refunds or responses from overseas banks – as those banks have less of an obligation to cooperate.

So, I'm satisfied that Monzo acted quickly enough (in line with their obligations to do so) to try to recover the money.

Mrs M has questioned why Monzo allowed the scammer to remove the money within minutes – but here, it was the recipient bank (in Spain) that allowed the withdrawal to be made, not Monzo. The only thing we could expect Monzo to do was to contact that bank as soon as possible to try to stop that happening. And as I've said, Monzo acted reasonably in contacting that bank when they did.

Mrs M also says the payment of £50 was only a small proportion of the money she's lost. But to clarify, Monzo paid £50 for not advising her quickly enough about the outcome of their investigation. And I consider that was enough under the circumstances.

Mrs M has lost a lot of money. She's explained why the money was important to her, and the impact her losses have had. I was sorry to learn of her circumstances. She will therefore be disappointed by my decision, but I'm not going to ask Monzo to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 26 February 2024.

Martin Lord
Ombudsman