

The complaint

Mr S is unhappy that Monzo Bank Ltd will not refund the money he lost as the result of a scam.

Mr S has brought his complaint through a representative, I will refer solely to Mr S in this decision for ease of reading.

What happened

Both parties are familiar with the details of the scam so I won't repeat them in full here. In summary, Mr S fell victim to a task/employment scam and between 22 November 2022 and 29 November 2022 he made ten debit card payments totalling £4,534.75 from his Monzo account to a crypto account in his name - and from there to the scammer.

Near the start of the scam Mr S received a related incoming payment of £85.36 meaning his total losses were £4,449.39. When the scammer told Mr S that he needed to deposit more money to continue working on the tasks he realised this was a scam. He reported it to Monzo on 2 December 2022.

Mr S says Monzo must refund the money as the activity was out of character for his account, and it failed to intervene and protect him from financial harm.

Monzo says the point of loss was Mr S's crypto account so he would need to contact that provider. It executed the payments in line with Mr S's instructions and there is no dispute he had authorised them. It explained the Contingent Reimbursement Model code did not apply to debit card payments and also that it could not raise a claim under the chargeback scheme as there are no chargeback rights for the subsequent purchase of goods or services from a digital wallet.

Our investigator did not uphold Mr S's complaint. She said the transactions were not out of character for Mr S's account, and she found Mr S had proceeded without due care and diligence after being contacted out of the blue on a messaging platform.

Mr S disagreed with this assessment. He said Monzo ought to have intervened on payment 9 as he had made five payments in increasing value in rapid succession on one day. Also Monzo publicly claims it did not allow payments to the particular cryptocurrency exchange Mr S used following the Financial Conduct Authority (FCA) consumer warning that was published in June 2021.

I reached a different conclusion to the investigator so I issued a provisional decision. An extract follows and forms part of this final decision.

Extract from my provisional decision

In this case I find Monzo should be held liable in part for Mr S's losses. I'll explain why.

On 24 November 2021 Monzo made a policy decision to stop all outbound payments to the

cryptocurrency exchange Mr S used. It did this following a consumer warning published by the FCA on 26 June 2021. So it had, in essence, decided to decline to make such payments to protect its customers from the risk of financial harm.

But Mr S was able to make the payments detailed above. So he was not afforded the same level of protection as other account holders. His payments should have been blocked based on Monzo's stated policy. Monzo has explained that whilst the block was active, not all the necessary identification codes had been added to the block and so these transactions were not stopped.

This means Mr S was treated unfairly as other customers had their payments blocked and thereby were being better protected from the risk of fraud. It is clear that the incompleteness in the execution of this particular fraud prevention policy detrimentally impacted Mr S.

It follows I find Monzo liable for Mr S's losses. However, I have then gone on to consider carefully whether Mr S should hold some responsibility by way of contributory negligence. I find that he should. Mr S went ahead with these payments after an unsolicited contact on a messaging platform. He has not been able to evidence that he carried out any independent checks or research, relying instead on what the scammer told him. He paid money with no contract to show what he was expected to do in return, or the terms of his 'employment'. The commission promised sounded too good to be true and should have been another red flag.

So in the round, I think Mr S went ahead with multiple payments without having taken due care to verify the opportunity. I therefore find the fair outcome is to split the losses equally between the parties.

I have also thought about whether Monzo did what we would expect to try to recover Mr S's money after he reported the scam. As he had moved money to an account in his own name, and onwards from there, I cannot see Monzo had any reasonable opportunity to recover the money.

The payments were made by debit card so Monzo could have made a chargeback claim. But based on the rules of the scheme I think it was fair for it to decide this would not succeed. This is because the payments were made (and successfully received) into a digital wallet – and there are no chargeback rights for a subsequent purchase of goods or services from such wallets. And the crypto exchange itself had not failed to provide the service Mr S understood he was 'buying' from it.

Overall, I am planning to instruct Monzo to refund 50% of Mr S's losses. I have found no grounds to make any further award of compensation.

Both parties accepted my provisional 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.

As both parties accepted my provisional decision, without sending any new comments or evidence, I have no reason to change the findings or outcome I set out in it.

For the reasons set out above I find Monzo to be liable in part for Mr S's losses

Putting things right

Monzo must now:

- refund 50% of all of Mr S's payments, net of the £85.36 credit, so £2,224.70
- add interest at the rate of 8% from the date of the payments to the date of settlement*

*If Monzo deducts tax from the interest element of this award, it should provide Mr S with the appropriate tax certificate so he can submit a claim to HMRC if applicable.

My final decision

I am upholding Mr S's complaint and Monzo Bank Ltd must now put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 March 2024.

Rebecca Connelley
Ombudsman