

The complaint

Mrs D complains that Monzo Bank Ltd (“Monzo”) is refusing to refund her the amount she lost as the result of a scam.

Mrs D is being represented by a third party. To keep things simple, I will refer to Mrs D throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won’t repeat what happened in detail.

However, in summary, Mrs D found an advertisement for an Investment group that I will call B. A scammer that I will call X befriended Mrs D.

X convinced Mrs D that the investment opportunity was legitimate and walked her through the different processes involved in setting up an account.

Mrs D made a number of transactions from her Monzo account to a crypto exchange using her debit card and then the funds were sent to B.

Mrs D made several withdrawals from B and then the X convinced Mrs D to send funds to a different scam website that I will call Y. Again, this was via her debit card.

However, When Mrs D tried to make a withdrawal from Y she was unable to do so and X then stopped responding to messages. At this point Mrs D realised that she had been scammed.

Overall Mrs D made payments totalling over £20,000 between 12 November 2021 and 31 January 2022.

Our Investigator considered Mrs D’s complaint, initially she upheld it, but after being provided with additional information she didn’t think it should be upheld. Mrs D disagreed so this complaint has been passed to me to decide.

I should highlight that this decision is only in relation to the payments starting from 12 November 2021 as there seems to have been a different scam earlier than this which does not form part of this 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.

Mrs D has accepted she authorised the payments she made, so the starting point here is that Mrs D is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and stepped in to question the payments Mrs D was making.

In this instance I think that Monzo should have queried the payment that Mrs D made of £5,507.53 on 29 December 2021. As this payment was out of character for Mr D's account. So, I now need to consider what would have happened had Monzo intervened.

Had Monzo intervened I think that Mrs D would have explained that she was investing on advice from a friend (it is clear from the chat that Mrs D considered X a friend by this point) that she had made significant withdrawals and she was convinced that what she was doing was legitimate.

Had Monzo questioned further about the company that she was intending to send the funds to Mrs D would likely have said funds were being sent to Y because by this point she had stopped sending the funds to B. Y did not have any official warnings at this point (though B did) but as the payment was likely going to Y I don't think, albeit on balance, that B would have been discussed. So, I don't think it likely that Monzo would have discovered that Mrs D was being scammed if it intervened at this point. Given this I think that at most Monzo would have provided a general warning about the dangers in investing in crypto.

I have considered if a general warning given at this point would have dissuaded Mrs D from carrying on with the scam. But in this specific case I don't think that it would. Mrs D trusted X and had said this multiple times during her chats with X. She also says in the chats that she was told by family member that what she was doing sounded like a scam but she trusted X. She had also received 3 relatively substantial withdrawals.

So overall I am of the opinion that Monzo should have intervened, but had it done so I don't think the scam would have been stopped so I don't think that Monzo should refund the payments that were made.

I've thought about whether Monzo could have recovered the funds via other means however, in this complaint Monzo was unable to process a chargeback for the payments Mrs D made in relation to this scam. Let me explain why.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

The service provided by the crypto exchange would have been to convert or facilitate conversion of Mrs D's payments into cryptocurrency. Therefore, it provided the service that was requested; that being the purchase of the cryptocurrency. So, I don't think that a chargeback would have been successful in this instance.

So overall, whilst I'm sorry to hear of Mrs D's loss but taking into consideration the circumstances of the complaint, I can't reasonably ask Monzo to refund her.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or

reject my decision before 22 March 2024.

Charlie Newton
Ombudsman