

The complaint

Mr S complains that Monzo Bank Ltd (Monzo) won't refund money he lost in a scam.

What happened

What Mr S says:

Mr S is represented by a third-party firm of solicitors, but I refer to Mr S as the complainant.

Mr S was looking to supplement his income and came across an advert on Facebook advertising how he could make money from a commission-based job. Mr S was required to complete tasks in relation to applications which was said to increase consumer traffic. He would get commission for the tasks that he completed. But he could get increased commission for completing special tasks whereby he would have to pay to turn his 'balance' from negative to positive to continue receiving the tasks that paid more commission.

He says that he researched the company and thought that it was very professional as he could see how detailed the website was. At the time he says that he was inexperienced about investments. He felt confident that he had a genuine opportunity.

Mr S completed verification checks – so all seemed genuine.

He could log onto the website and see his balance and commission earned. He could then see the additional tasks that he could complete to get more commission, and for that made a series of payments in crypto currency – between 12 November 2022 and 19 November 2022. He used the same 'wallet' he had used previously for another purpose in April 2022. I will call that 'A'. Mr S told us he moved money from A to the scammers' business.

He communicated with the scammers using WhatsApp.

Mr S then wanted to withdraw his commission but was told he had to pay fees and taxes – which he couldn't afford.

Because of this, Mr S then looked to make money to pay the withdrawal fees – and went onto a trading platform which purported to invest in bitcoin. He then made a further series of payments to A starting on 19 November 2022. He was shown the 'trading website' and his 'account' – and this showed he was apparently making good profits, so he invested more money. He wanted to make enough to pay the exit fees (and get his commission) on the first scam he'd fallen victim to. Mr S told us he moved money from A to the investment firm. On 30 November 2022, he asked to withdraw money but was told he had to pay fees and taxes to do so. So he paid further amounts in December 2022 to do that. He was then told he still needed to pay more – and made a final payment of £1,165 in February 2023 – in desperation. But he then realised he had been scammed.

The payments were:

Date	Payment	Amount
12 November 2022	Faster payment via mobile app to A	£43
12 November 2022	Faster payment via mobile app to A	£44
13 November 2022	Faster payment via mobile app to A	£74
13 November 2022	Faster payment via mobile app to A	£220
13 November 2022	Faster payment via mobile app to A	£485
13 November 2022	Faster payment via mobile app to A	£810
13 November 2022	Faster payment via mobile app to A	£900
13 November 2022	Faster payment via mobile app to A	£601
13 November 2022	Faster payment via mobile app to A	£15
14 November 2022	Faster payment via mobile app to A	£2,170
15 November 2022	Faster payment via mobile app to A	£1,000
19 November 2022	Faster payment via mobile app to A	£1,000
22 November 2022	Faster payment via mobile app to A	£1,500
26 November 2022	Faster payment via mobile app to A	£624
26 November 2022	Faster payment via mobile app to A	£116
28 November 2022	Faster payment via mobile app to A	£836
30 November 2022	Faster payment via mobile app to A	£1,060
2 December 2022	Faster payment via mobile app to A	£1,410
10 December 2022	Faster payment via mobile app to A	£817
27 December 2022	Faster payment via mobile app to A	£1,100
15 February 2023	Faster payment via mobile app to A	£1,165
Total		£15,990

Mr S reported the scam to Monzo on 15 May 2023.

Mr S says he got no meaningful warnings from Monzo about the payments, and they should've done more to protect him. He says Monzo should refund to him all the money, plus interest at 8% per annum simple, and pay compensation of £250. As a result of what happened, Mr S is stressed and worried, and is in financial difficulty. His wife was pregnant at the time – and so he has a young family to support.

What Monzo said:

In September 2023, Monzo said:

- They didn't agree to refund any money.
- The Contingent Reimbursement Model Code (CRM) didn't apply – as Mr S sent the money from his Monzo account to an account in his name at A.
- The payments were authorised by Mr S.

- When Mr S made the first payment to A (in April 2022) he was shown a scam warning and he opted to 'continue with payment.'
- They provide designated pages about scams on their website.
- Mr S should've taken more care – he met someone on Facebook and didn't meet them physically.

Our investigation so far:

Mr S brought his complaint to us. Our investigator upheld it and said Monzo should refund the money with effect from the payment of £900 on 13 November 2022. Because:

- The 'velocity' of payments by 13 November 2022 was such that Monzo should've intervened.
- He didn't consider that the warning in April 2022 was relevant – as it wasn't specific and too much time had elapsed between then and the scam payments.

Monzo didn't agree. They said in response:

- It's unreasonable to expect Monzo to intervene in thousands of transactions.
- They didn't think Mr S acted reasonably. Facebook wasn't an employment agency, and Mr S should have used a reputable agency to seek employment. There was no evidence of an employment contract.
- It wasn't reasonable to expect an employer to ask for money in order to receive a salary or commission.
- To pay this in crypto was also odd and should've been a red flag to Mr S.
- The warning in April 2022 was non-specific but it did draw attention to an offer being too good to be true.
- The payments were made from Mr S' Monzo account to A, and then moved to the scammer – and that was the point of Mr S' losses, not when he made the payments from his Monzo account.

Monzo asked that an ombudsman look at Mr S' complaint, and so it has come to me to do that.

I reached a provisional decision which said:

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 Mr S has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr S didn't intend for the money to go to a scammer, he 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 Mr S when he made the payments, 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) doesn't apply in this case. Monzo hasn't signed up to the Code, but they follow its principles. That said, it applies to faster payments made to another UK beneficiary – and in this case, the payments were made by Mr S to his own crypto wallet (A). So it doesn't apply in this case. I have therefore looked at this complaint using general Authorised Push Payment considerations.

The first and (in this case, the most important) consideration here is: if the payment was of a sufficient size and was out of character with how Mr S normally used his account – then we would expect Monzo to have intervened and spoken to him about what was going on. I looked at Mr S' account. And it's reasonable to say that he made regular payments of a similar amount to those sent to A in the scam. For example:

November 2022 (prior to scam): £148.05; £97.50; £700.

October 2022: £100; £110.83; £99.0; £638.74.

September 2022: £500; £288; £110.83; £190; £700.

August 2022: £300; £201.79 £114.25.

July 2022: £201.76; £288.67; £200.

June 2022: £201.76; £110.83; £350.

And – I must also bear in mind that 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 – the scam payments were for relatively low amounts. Therefore, in this case, given this, and the fact that Mr S previously made regular payments of similar amounts - I think Monzo acted reasonably in processing the payments – I don't think that I could reasonably say that Monzo should have stopped them for further checks.

I also noted that Mr S had made payments to his account with A before. In April 2022 and May 2022 – he made eight payments to A. While these were for low amounts – between £2 and £18.73 – it's reasonable to say that Monzo would've considered A to be a 'known' payee of Mr S and therefore would've considered the payments to be legitimate.

I did consider whether the number of payments on 13 November 2022 should've caused Monzo to intervene. But here, based on Mr S' account history, the low individual amounts of each payment, and the fact that he had made payments to A before, persuaded me to say that on the balance of evidence, I don't think it's reasonable to expect Monzo to have intervened.

And - there were 17 payments made over a relatively long three-month period. I also noted that Mr S made seven legitimate payments to his account with A between 22 November 2022 and 30 January 2023 – for amounts between £100 and £1,800. And so, in those circumstances, I don't consider it reasonable to expect Monzo to intervene at any other point.

For completeness, I considered the relevance of the warning that Monzo sent to Mr S in April 2022 – and I place no great weight on it in reaching my provisional decision. It was seven months before, and was a general, non-specific warning. And so I discount it for that reason.

Recovery:

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 saw evidence that Monzo contacted the recipient bank, and no funds remained to be repaid. Given that the scam took place in late 2022, and Mr S complained to Monzo in May 2023 – this wasn't a surprise – as normally in such scams, funds are removed from the recipient bank immediately. But – I consider Monzo did what they are required to do to try to get the money back.

Mr S has lost a lot of money. He's explained why the money was important to him, and the impact his losses have had. I was sorry to learn of his circumstances. He will therefore be disappointed by my provisional decision, which is that I'm not going to ask Monzo to do anything here.

Responses to the provisional decision:

Monzo agreed with the findings, but Mr S didn't. He said:

1. The payments relating to the scam were unusual – compared to the payments I quoted.
2. And he made seven payments on 13 November 2022 in quick succession.
3. The previous payments to A (in April 2022 and May 2022) amounted to £43 in eight transactions – this compared to seven payments in November 2022 totalling £2,576. So – that was very different.

I now need to consider these comments and 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.

I have considered what Mr S has put back to us and gone through his complaint again. And I'm satisfied that on balance, my provisional decision is the right one.

When considering what happened, I have to make a decision based on the balance of all the factors at play. And – I remain persuaded that I don't think it's reasonable to have expected Monzo to intervene.

I say that because:

Mr S had made payments to his existing account with A before – in April 2022 and May 2022. I don't think it matters that they were for lower amounts – Monzo would've recognised that the later payments were to a known payee; and that the beneficiary account was in Mr S' name, as before.

There were several legitimate payments to A in November 2022 and December 2022, and the scam payments were mixed in with those.

The scam payments were spaced out over three months, rather than over a few days as is more usual in such scams – so I don't think it's reasonable to expect Monzo to have identified them as such.

I accept that there were seven payments on 13 November 2022; and these were made between 2.46pm and 8.28 pm. But equally, they were for low amounts (all were less than £900, of which four were less than £500). And I balance what happened on that day with the other facts of the case.

I must make a balanced decision, based on the circumstances and facts of this complaint. And having considered everything again, I'm not persuaded to change from my provisional decision. I know Mr S will be disappointed, but my final decision is to not uphold his complaint. **(continued)**

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 March 2024.

Martin Lord
Ombudsman