

The complaint

Mr A complains Monzo Bank Ltd didn't do enough to protect him when he fell victim to a job scam.

What happened

Mr A, who has a representative, has an account with Monzo Bank.

Mr A says he was looking for ways of earning additional income to support his family when he saw an advert on social media for an investment opportunity in a well-known online retailer. Mr A says he expressed interest and within a couple of hours was contacted by a woman who explained how the business works and how he'd earn commission. Mr A says he believed the opportunity was legitimate and says that the website he was shown appeared to be professional and genuine. So, he said he was interested. Mr A says he was told he had to complete tasks to help promote products for the company and that this involved sending money to a cryptocurrency wallet in order to convert his money.

Mr A says that everything went well to begin with. He says that the cost of the orders he had to fulfil then sharply increased and that he was then told he'd need to pay a £8,000 security deposit in order to withdraw his earnings. He says that between 18 and 27 December 2022 he sent six payments totalling £18,795. He says he realised he'd been scammed when he was asked to pay such a large amount to withdraw his earnings.

Mr A reported the scam to Monzo on 17 January 2023. His representatives contacted Monzo shortly afterwards to say that he'd fallen victim to a job scam and that Monzo hadn't done enough to protect him. Monzo asked Mr A to complete a scam report as a result of his representatives and said it would investigate his claim. He did so on 25 January 2023.

Monzo investigated Mr A's claim and said that it wasn't able to refund his payments for a number of reasons. Monzo said that Mr A wasn't liable for a refund under the Contingent Reimbursement Model as the payments he was complaining about were card payments made to an account in his own name. In addition, Monzo said that Mr A had done very little due diligence before making the payments he had and should have questioned the legitimacy of the "job" opportunity. Finally, Monzo said that it wasn't able to raise a chargeback. Mr A wasn't happy with Monzo's response, so complained to us.

One of our investigators looked into Mr A's complaint and agreed with Monzo that the Contingent Reimbursement Model didn't apply to the payments Mr A had made for a variety of reasons. But they said that Monzo should fairly and reasonably have had systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers were at risk of fraud. And on that basis they thought that Monzo ought to have blocked the third payment Mr A attempted to make – which was for £95 – as this was to a merchant that the FCA had published a warning about. Our investigator thought that had Monzo blocked the third payment and spoken to Mr A then the scam would have almost certainly been detected. And that, in the circumstances, Monzo has missed an opportunity to prevent further loss to Mr A. Given all the red flags, however, our investigator also thought liability should be shared between Monzo and Mr A on a 50 / 50 basis.

Mr A's representatives accepted our investigator's recommendations. Monzo didn't do so. Monzo said that the merchant had provided the services it had been asked to and was not the source of Mr A's losses. Monzo also said that our investigator's recommendation was inconsistent with Phillips v Barclays. Monzo asked for Mr A's complaint to be referred to an ombudsman for decision. So, the complaint was passed to me.

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.

Last month I issued a provisional decision. In that decision I said the following:

"I'm satisfied that Mr A started making payments to cryptocurrency on 26 November 2022. The first two payments he sent that day were small - £150 and £250. He then sent a payment for £95 to a new merchant – one of six payments he sent to that particular merchant between 27 November 2022 and 18 December 2022. All of those payments – except for the one he sent on 18 December 2022 were for under £1,000 and even though there were days when he sent two payments in a day, the value of those payments was never more than £2,000. In short, without anything else, I don't agree that these payments were large enough to be of concern to Monzo simply by virtue of their size.

Our investigator quite rightly pointed out that the FCA had published a warning in July 2021 about the merchant Mr A started sending payments to on 27 November 2022. Our investigator said that Monzo should have automatically blocked Mr A's payments to that merchant – as it had had a fair chance to update its watch list. Our investigator said that had Monzo done so and had it asked Mr A what the payment was actually for that the scam would have been discovered.

I've looked at the warning that the FCA published, and I agree that it would be a cause for concern. But as Monzo has pointed out the warning simply that the merchant wasn't authorised by the FCA and was targeting people in the UK and talked about the implications if something went wrong. The warning didn't say anything about the merchant engaging in scams or having a higher associated scam rate. And as Monzo has also pointed out, Mr A didn't lose his money because of anything the merchant did wrong – it provided the services it was asked to do – he lost his money when he did a transfer to the scammer's wallet.

Having considered everything, I don't agree that the warning the FCA had published meant Monzo should have automatically blocked payments to the merchant in question. Because of that, and taking everything else into account, I don't think there's enough to say that Monzo should have had concerns about the payments Mr A was making.

If I'm right, then that means that Monzo didn't have any reason to intervene in the payments Mr A made meaning that it didn't miss an opportunity to prevent loss to him. That means I'm minded to say that I don't think Monzo has acted unfairly and that I don't think this complaint can be upheld. I agree with our investigator that the scam would have come to light had Monzo intervened given all the hallmarks.

I know how important the money Mr A has lost is to him – I've listened to his recent calls to us and read his recent emails – so I know how disappointing this will be. He's sadly been the victim of a cruel scam through no fault of his own. But I don't think I can tell Monzo to refund him."

Both parties were invited to comment on my provisional decision, and both did.

Monzo agreed with my provisional decision saying that Mr A had received the service that they were provided and had lost their money subsequently. Mr A's representatives accepted in part. Specifically, they agreed that the £95 payment was too small to trigger. But they said that the payment of £3,300 on 18 December 2022 was unusual enough for Monzo to intervene and why. They also said that the FCA warning would have sowed the seed of doubt in Mr A's mind and make him think twice about engaging.

Having considered both parties comments, and everything else we've been sent, I remain of the view that it wouldn't be fair to say Monzo should have intervened in this case. Not, however, for the reasons Monzo has given but simply because these payments weren't large enough to be suspicious. Mr A's representatives are right that the £3,300 payment on 18 December 2022 was larger but by then Mr A had already made five earlier payments to the same merchant with the first one having been made almost a month earlier without any apparent concerns. So, I don't agree the transaction was noticeably larger to the extent that it would be fair to say Monzo should have intervened. As I said before, I'm sorry because I know how disappointing this will be to Mr A. He's sadly been the victim of a cruel scam through no fault of his own.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 March 2024.

Nicolas Atkinson
Ombudsman