

The complaint

Miss M complains that Monzo Bank Ltd has declined to refund money she lost to a scam.

What happened

Miss M fell victim to a fake job scam after she was contacted on a messaging app – I will call the scammer 'Z'. Z told Miss M that she would be paid for completing a number of tasks, but she would have to pay in funds to the task platform first using cryptocurrency. So, over five days, Miss M made card payments totalling over £4,400 towards the scam. Miss M realised she had been scammed when Z continued to pressure her to pay more into the scam, and when she found information online from others who had also been scammed.

Miss M told Monzo what had happened, but it didn't agree that it had any liability for her loss. Miss M was unhappy with this and raised a complaint, she also raised a concern that Monzo had decided to close her account, and that it had handled her scam claim poorly. Monzo maintained that it was not liable for Miss M's loss, and said it had closed her account in line with the terms and conditions, it did though offer her £75 to recognise that it could have handled her claim better. Miss M was unhappy with this response, so she referred her complaint to us.

Our investigator upheld the complaint in part. They thought that Monzo ought to have questioned Miss M about the seventh (and final) payment she made to the scam. The investigator thought that, had that happened, the scam would likely have been stopped. So, the investigator said that Monzo should refund the money Miss M had lost from this payment, less a deduction of 50% in recognition of Miss M's own contributory negligence.

Monzo disagreed, so the matter has been escalated to me to determine.

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.

It isn't in dispute that Miss M has fallen victim to a scam here, nor that she authorised the payments that are the subject of this complaint. And the starting point under the relevant regulations (in this case, the Payment Services Regulations 2017) and the terms of Miss M's account is that Mr G is responsible for payments she has authorised herself.

However, I am also satisfied that, taking into account longstanding regulatory expectations and requirements, and what I consider to have been good practice at the time, Monzo should *fairly and reasonably* have been on the look-out for the possibility of APP fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances – as in practice all banks, including Monzo, do.

So, with this in mind, I've considered whether Monzo should have done more to prevent Miss M from falling victim to the scam, as there are some situations in which a bank should

reasonably have had a closer look at the circumstances surrounding a particular payment. For example, if it was particularly out of character for that account holder.

The investigator considered that the seventh payment made by Miss M on 14 September 2023, for £3,181.45, ought to have been regarded as unusual, and I agree. This was the second successful payment made by Miss M within a short period of time, for increasingly large amounts (it was almost triple the previous payment), to a cryptocurrency provider. There had also been an earlier attempt to make another payment to the same recipient which had been declined. And, overall, this was also a significant increase in Miss M's spending on the account as it was generally used for relatively low value transactions. So, by this stage I think a trend was starting to emerge that had some of the hallmarks of cryptocurrency scams. In my view this really should have been flagged by Monzo as being unusual account activity.

Monzo would have known that multiple payments, of increasing value, being made to the same payee in quick succession can often be an indication of fraudulent activity. So I'm satisfied this payment ought reasonably to have been considered as unusual and triggered an intervention by Monzo. Given the value of the payments made – over £4,000 in 20 minutes – I think a reasonable intervention at this stage would have been direct contact with Miss M – via the chat function of the app or on the phone – to ask her some open questions about what she was making the payments for.

Miss M doesn't appear to have been given any cover story by the scammers, so if Monzo had questioned her about these payments, I think it's likely she would have been honest about what they were for and how she had come across the job opportunity. So Monzo would have likely discovered that she had been contacted via a messaging app by a company offering to pay her for completing tasks, but that Miss M had been told that she would also have to pay money into the scheme using cryptocurrency.

This is not how companies normally operate and it has all the hallmarks of a cryptocurrency scam. I consider there would have been reasonable grounds for suspicion here. And Monzo would have been able to clearly identify the significant risk that these payments were part of a scam and could have made that clear to Miss M. I consider it likely that Miss M would have acted on any such warning.

Monzo does not believe it is liable for Miss M's loss, as it said it occurred from her cryptocurrency account rather than her Monzo account. However, just because a payment is to an account in the customer's own name that does not mean it bears no risk, and I would still expect Monzo to keep an eye out for payments that bore hallmarks of potential fraud, even if those payments were made to another account belonging to their customer.

I say this because this kind of payment journey – where payments are made from an account with one bank, to accounts in the same consumer's name at other banks or e money providers, and then on to buy cryptocurrency – is increasingly a feature of several types of scams. And I would expect Monzo to have an awareness of how these scams operate and be aware of what it should be looking out for to help protect its customers.

In light of this, I think Miss M's losses were foreseeable to Monzo. And I'm satisfied that, had Monzo asked relevant questions of Miss M it would have been apparent that she was falling victim to a scam and Monzo would have been able to provide an appropriate warning which would likely have prevented Miss M from making that payment to the scammers.

As a result, I believe Monzo should refund the final payment Miss M made to the scam on 14 September 2023.

I've also thought about whether Miss M did enough to protect herself from the scam, and, having thought carefully about this, I don't think she did. I think she ought reasonably to have had concerns about the legitimacy of the job offered given, amongst other things, the requirement to send funds to acquire the profits she'd supposedly earned. I also think the returns offered did seem too good to be true given the work she thought she was doing. And, as Miss M has said her friends and family also questioned this, I think this should have led to her looking more deeply into this job she was apparently being offered. Had she done so, there was information available online at the time which suggested that this opportunity may not have been legitimate. Because of this, I think it would be fair and reasonable to make a 50% reduction in the award based on contributory negligence in the circumstances of this complaint.

I've also thought about whether Monzo could have done more to attempt to recover the payments after Miss M reported the fraud. But I'm satisfied that Monzo would not have been able to recover the payments that Miss M sent given the nature of the payments.

I acknowledge that Monzo then went on to close Miss M's account, but I'm satisfied it did so in line with the terms and conditions of the account. I am also satisfied that the £75 Monzo has offered to Miss M is appropriate compensation for any failings in how it handled her claim.

Putting things right

To resolve this complaint Monzo Bank Ltd should:

- Refund the seventh payment Miss M made to the scam less a deduction of 50% in recognition of Miss M's own contributory negligence towards her loss.
- Pay 8% simple interest per year on this amount, calculated from the date of loss until the date of settlement, minus any applicable tax.
- Pay to Miss M the £75 compensation it has offered, if it has not done so already.

My final decision

I uphold this complaint in part. Monzo Bank Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 June 2024.

Sophie Mitchell
Ombudsman