

The complaint

Mr K complains that Monzo Bank Ltd did not take responsibility for reimbursing the funds he lost as part of a scam.

What happened

Mr K fell victim to a purchase scam, which led to him making payment for £1,850 to an a Monzo account held by a third party.

Mr K told Mozo what had happened, but received no response form Monzo regarding the payment. Mr K complained to our service that Monzo had failed to prevent the fraudulent payment, had not taken appropriate steps to recover the funds, and had failed to provide him with any update about his concerns.

After the complaint was referred to us Monzo issued a final response. It said that it had carried out its regulatory obligations regarding the account the payment was made to. It did though acknowledge that it had failed to respond to Mr K's concerns, and apologised for that.

Mr K remained unhappy, and one of our Investigators looked into what had happened. They were satisfied that Monzo had acted in line with its obligations, and so didn't feel it had made any error regarding the scam payment and the receiving account. And while they agreed that Monzo could have communicated with Mr K better they did not feel this warranted any compensation in the circumstances of this case.

Mr K maintains that Monzo should take more responsibility for what happened here, so he asked for his case to be passed to an ombudsman for review.

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.

Monzo has agreed to abide by the principles of the Contingent Reimbursement Model (CRM) Code. The CRM Code sets out what is expected of the 'Sending Firm' and 'Receiving Firm' (in this case Monzo) when payments are made or received.

In summary, the obligations for the receiving firm state that it should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of Authorised Push Payment (APP) scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scams; and
- Where the receiving firm identifies funds where there are concerns that they may be

the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

So, with this in mind, I have carefully considered Monzo's obligations here.

Monzo has shared information with this Service which has allowed me to investigate Mr K's complaint – though I am limited to what I can share with Mr K due to Data Protection laws, as this information is confidential. However, I would like to reassure him that I have carefully reviewed all information provided before issuing my decision.

Banks, Building Societies, and other Payment Service Providers (PSP's) have long standing obligations to ensure that their services aren't being used for fraudulent or illegal activities – so I would expect there to be extensive procedures in place for account openings to prevent accounts from being opened for these purposes.

Having looked over the evidence provided by Monzo, I am satisfied it followed its internal procedures correctly. I consider it carried out appropriate checks and can't see there was anything at the time that would have identified the account as one that would potentially be used for fraudulent purposes. I therefore don't consider that Monzo made an error when opening the account. So, I don't think it could reasonably have known the account would be used for fraudulent purposes or prevented Mr K's loss at that stage.

Mr K made the payment on 25 May 2023, so I've gone on to consider whether the activity on the receiving bank account ought reasonably to have caused Monzo any concern. But I don't think there was anything relating to the activity on the account that should have prompted Monzo to have any concerns prior to Mr K making the payment to the accounts. So, I don't think Monzo could have done more to prevent his loss at this stage either.

Lastly, I've considered Monzo's action on receipt of notification of the scam. Unfortunately, by the time it was made aware, the funds had already been removed from the beneficiary account, so Monzo could not return those funds to Mr K's account. I have though seen that Monzo then went on to take the appropriate steps required of it when it is notified that an account has been the recipient of funds as a result of a scam. So, I'm satisfied that, once it was notified of the scam, Monzo took appropriate action.

Overall, I am satisfied that Monzo has acted in line with the obligations set out in the CRM Code, it follows that I don't think it should be responsible for reimbursing any portion of the funds Mr K lost. The responsibility for reimbursing that loss in the circumstances of this case fell to the sending bank, and I understand they have reimbursed Mr K in full.

I acknowledge that Mr K made direct contact with Monzo about his payment, and was expecting a response from Monzo which did not happen, despite him chasing. And I agree that this is below the standard we would expect. But Monzo has explained what happened here – Mr K's complaint was accidentally retracted – and has apologised for the delay this caused in Mr K receiving a proper response to his complaint. And in the circumstances I'm satisfied that this apology is an appropriate resolution to that aspect of Mr K's complaint. I appreciate Mr K's strength of feeling here, but I am satisfied Monzo has acted appropriately here and I won't be asking it to do anything more.

My final decision

I do not uphold this complaint.

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

Sophie Mitchell
Ombudsman