

The complaint

Mrs C complains that Monzo Bank Ltd won't refund money she lost when she was a victim of a scam.

Mrs C is being supported by a representative, but for ease, I'll refer to Mrs C throughout this decision.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mrs C has said she was looking for work and found a job advert on social media. She was contacted by a recruiter purporting to be a representative of a genuine vacation rental software company (which I'll refer to here as 'E').

Mrs C has explained that she was trained on how to review hotels and attractions – including the process of making deposits (via crypto) to 'simulate' the booking of the hotel or attraction she was asked to review. She said she was told she would receive commission of 0.70% per booking, which could be withdrawn (along with the original amount deposited to simulate the booking) after the completion of a set number of tasks.

Mrs C has said she reviewed 'E's' website, which she said looked professional, and checked online reviews. She also said she wasn't aware of 'job scams' and found the recruiter to be professional; and she was in touch with other 'employees' which reassured her the job was genuine.

Mrs C said she was able to see her 'earnings' on the company platform. But she had no contract of employment and had to pay fees to reset her password and to withdraw money.

Mrs C made card payments to legitimate crypto exchanges (which I'll refer to here as ('B', 'M' and 'N') whereby the funds were forwarded on to the scammers. The relevant payments are:

Date	Amount	Payee
18 March 2023	£121.07	'B'
19 March 2023	£281.96	'B'
19 March 2023	£358.05	'B'
19 March 2023	£287.14	'B'
25 March 2023	£493.07	'B'
7 April 2023	£1,153.93	'M'
7 April 2023	£3,642.32 (Monzo intervened - payment not processed)	'N'
8 April 2023	£2,794.12	'M'

13 April 2023	£3,671.21	'B'
---------------	-----------	-----

Mrs C received payments from the employment on 17 and 18 March 23 of £110.74 and £439.83 respectively.

Monzo declined the payment for £3,642.32 on 7 April 2023 and froze Mrs C's account. It asked Mrs C to provide information about this payment which she did, but the payment wasn't attempted again. Monzo then allowed the 8 and 13 April 2023 payments to be processed without further intervention.

In May 2023 Mrs C complained to Monzo. She didn't think it had done enough to protect her and if it had, she thought her loss could've been prevented. Mrs C wanted the funds refunded plus 8% interest.

When Mrs C didn't get a response to her complaint from Monzo – she referred it the Financial Ombudsman.

Monzo then issued a response to Mrs C. It accepted it should've done more when it intervened in the 7 April 2023 payment made to 'N' and that it missed an opportunity to prevent further loss.

Monzo said Mrs C should bear some responsibility for her loss given the unlikelihood of a genuine employer asking someone to pay (via crypto) to get paid for the work they undertake. And it didn't think Mrs C had undertaken due diligence into the legitimacy of 'E'. It said it would refund Mrs C the 8 and 13 April 2023 payments – less 50% (£3,232.67) plus 8% interest for the loss of use of funds.

Monzo refunded Mrs C on 16 November 2023.

Our Investigator looked into the complaint. Essentially, he agreed with Monzo that its intervention in relation to the payment to 'N' wasn't proportionate to the risk it had identified. And that it could've prevented Mrs C's further loss if it had taken appropriate action. Our investigator also agreed with Monzo that Mrs C should bear 50% responsibility for her loss. Because Monzo had already refunded Mrs C, our Investigator didn't think it needed to take any further action.

Monzo agreed with our Investigator, but Mrs C didn't, because she thought it was unfair that she was being held liable for 50% of her loss. Mrs C said she shared information with Monzo about the scam when it intervened in the payment to 'N' – and that from this information she thought it should've been clear to Monzo it was a scam, and it should've blocked any further payments.

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.

Having done so, I've decided to uphold this complaint in part; but I don't think Monzo needs to take any further action.

In broad terms, the starting position in law is that a bank – like Monzo - is expected to process payments its customer authorises it to make. Here, it isn't disputed that Mrs C knowingly made the payments in dispute. But I appreciate she was tricked by the scammer into thinking she was making the payments as part of what she believed to be a genuine job opportunity.

Nevertheless, I'm satisfied the payments were authorised by Mrs C. So, under the Payment Services Regulations 2017 and the terms of her account, Monzo are expected to process the payments and Mrs C is presumed liable for the loss in the first instance.

However, in considering this complaint I've also taken into account regulatory rules and guidance, relevant codes of practice and good industry practice. This includes, but isn't limited to:

- The British Standards Institute code of practice PAS 17271.
- FCA Principles for Businesses 2 and 6, and SYSC 3.2.6R.
- The FSA's (the predecessor to the FCA) thematic review paper of 2012, 'Bank's defences against investment fraud – Detecting perpetrators and protecting victims'.

I'm therefore satisfied that Monzo ought to have been monitoring accounts to counter various risks including preventing fraud and scams. To do this, Monzo should've had systems in place to identify unusual transactions, or other signs, that its customers were at risk of fraud. And carried out additional checks before processing a payment or, declined the payment altogether, to help protect customers from the possibility of financial harm from fraud.

All parties have agreed that Monzo was right to have intervened in the 7 April 2023 £3,642.32 payment to 'N'. It's also accepted that Monzo's intervention didn't go far enough – and that it missed an opportunity to uncover the scam and stop Mrs C from making further payments – namely the payments on 8 and 13 April 2023.

Because all parties agree, I don't intend to comment on this in detail. But, for completeness, I wouldn't have expected Monzo to have intervened prior to the payment to 'N'. And I likewise agree, had Monzo been more thorough in its fraud prevention checks in relation to the payment to 'N', as I would've expected, it would've uncovered the scam and prevented Mrs C's loss from that point onwards.

Therefore, the only issue in contention here is whether Mrs C should bear any responsibility for her loss. I've given this careful thought, and in doing so, I agree with our Investigator that it would be fair to apply a 50% reduction in the award due to contributory negligence on Mrs C's part. I'll explain why.

Monzo essentially believes Mrs C ought to have questioned the legitimacy of the job given she had no contract, saw the job advertised on social media, was communicating via WhatsApp, and was asked to buy crypto to access the tasks to earn money. But I'm also mindful that Mrs C was clearly under the spell of the scammer and genuinely believed the job opportunity was legitimate. This was because of the professionalism of the recruiter and 'E's website. She was also able to see her commission; and 'E' was a genuine company seemingly being used by the scammer to add to the legitimacy of the scam.

Nevertheless, I think Mrs C should've done more to protect herself from the scam – particularly by the time of the 7 April 2023 payment. By this point, Mrs C had paid significant sums of money as part of the employment opportunity in a relatively short period of time; with payments steadily increasing in value and the payment to 'N' being three times more than the one made shortly prior. This was despite Mrs C not receiving any returns since 18 March 2023.

Mrs C also had no employment contract and I think it would've been reasonable to have expected her to have carried out additional checks – such as researching these types of task-based jobs that require payment upfront – before making the payments. I appreciate Mrs C has said she was unaware of the concept of a job scam – but by April 2023 job scams were prevalent; and if she had done additional checks, then I think she ought reasonably to have identified the likelihood she was involved in a scam.

I think this is also particularly true given the nature of the work Mrs C was being asked to undertake. As I understand it, she was essentially writing reviews for hotels and attractions she hadn't used – rather the role involved Mrs C carrying out a process to simulate the purchase of those services.

Further, I appreciate 'E' is a legitimate company with a legitimate website. But 'E' provides services for holiday rental companies to manage their bookings. It's not a holiday rental company itself.

Taking all this into account I think Mrs C should, on balance, have questioned the plausibility of the employment – particularly by the point of the 7 April 2023 payment. And so, I believe she should bear some responsibility for her loss of the funds transferred on 8 and 13 April 2023 by way of contributory negligence.

I have a great deal of sympathy for Mrs C and the loss she's suffered. But for the above reasons, I think Monzo has acted fairly and so I'm not going to tell it to do anything further.

My final decision

My final decision is that I uphold this complaint in part. But as Monzo has already taken the action I'd expect it to take, it doesn't need to do any more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision **before 30 July 2024**.

Anna Jackson
Ombudsman