

## The complaint

Mrs S complains that Monzo Bank Ltd (Monzo) is refusing to refund her the amount she lost as the result of a scam.

Mrs S is being represented by a third party. To keep things simple, I will refer to Mrs S throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs S has told us she was looking for work and had submitted her CV to several places online when she received a message via WhatsApp from Accept Recruitment Agency (X).

X offered Mrs S a remote job completing product reviews online in return for a basic salary plus commission. X told Mrs S she would be working for a well-known business and when she searched the business name, she was unable to find anything negative to give her cause for concern.

Mrs S agreed to take the job and started to complete the required tasks, although she was then presented with premium tasks that put her account in a deficit. Mrs S needed to clear the deficit to proceed.

Mrs S started to make payments to clear deficits on her account which continued to increase every time Mrs S got a premium task until Mrs S could no longer afford to make the payments and realised, she had fallen victim to a scam.

Below are a list of payments Mrs S made in relation to the scam:

Payment	Date	Payee	Payment Method	Amount
1	10 October 2023	KuCoins	Card Payment	£10.00
2	10 October 2023	KuCoins	Card Payment	£74.42
3	10 October 2023	KuCoins	Card Payment	£100.00
4	12 October 2023	Individual	Transfer	£204.25
5	13 October 2023	Individual	Transfer	£579.50
6	13 October 2023	Individual	Transfer	£1,900.00
7	14 October 2023	Individual	Transfer	£1,805.00
8	14 October 2023	Individual	Transfer	£2,000.00
9	14 October 2023	Individual	Transfer	£205.80
10	14 October 2023	Individual	Transfer	£150.00
11	14 October 2023	Individual	Transfer	£2,000.00
12	14 October 2023	Individual	Transfer	£1,500.00
13	14 October 2023	Individual	Transfer	£805.34

Our Investigator considered Mrs S's complaint and thought it should be upheld in part. As

neither Mrs S nor Monzo agreed this complaint has been passed to me to decide.

### **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 has not been disputed that Mrs S has fallen victim to a cruel scam. The evidence provided by both Mrs S and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Mrs S lost due to the scam.

#### *Recovering the payments Mrs S made*

Mrs S made payments into the scam via her debit card and the method of transfer. When payments are made by card the only recovery option Monzo has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mrs S was dealing with X, which was the business that instigated the scam. But Mrs S didn't make the debit card payments to X directly, she paid a separate cryptocurrency exchange (KuCoins). This is important because Monzo would only have been able to process chargeback claims against the merchant she paid (KuCoins), not another party (such as X).

The service provided by KuCoins would have been to convert or facilitate conversion of Mrs S's payments into cryptocurrency. Therefore, KuCoins provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mrs S paid.

For payments made by transfer Monzo has limited recovery options available. As these transfers were made to individuals for the purpose of purchasing cryptocurrency, that was then passed on to the scammer I don't think there were any options available to Monzo to recover these payments.

Overall, I don't think Monzo had any reasonable options available to it to recover the payments Mrs S made in relation to the scam.

#### *Should Monzo Bank have reasonably prevented the payments Mrs S made?*

It has been accepted that Mrs S authorised the payments that were made from her account with Monzo, albeit on X's instruction. So, the starting point here is that Mrs S is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and stepped into question Mrs S about the payments she was making. And if it had questioned Mrs S, would it

have been able to prevent the scam taking place.

The first payments Mrs S made in relation to the scam were for relatively low values that I wouldn't expect to have caused Monzo to have concerns. However, by the time Mrs S made payment 8 she had made multiple payments to the same payee and two in quick succession. I think this should have caused Monzo concerns, and it should have intervened.

Had Monzo intervened as I think it should have, I would have expected it to ask probing questions about the payments to find out the purpose behind them. As I haven't seen anything to suggest Mrs S would not have been honest about the reasons she was making the payments, I think it's likely she would have given honest responses.

As Mrs S was falling victim to a common job scam that Monzo would have been aware of at the time I think it's likely it would have uncovered the scam and prevented any further loss. Monzo is therefore responsible for Mrs S's loss from payment 8.

Mrs S has argued that KuCoins was showing on the IOSCO alerts page and on the FCA website at the time she was making the payments, so Monzo should have stopped any payments to that business.

But KuCoins is still operating today, and the information recorded on these websites is not enough to say KuCoins is operating any kind of scam. Considering this and that the payments made directly to KuCoins were low in value I don't think it would be reasonable to say Monzo should have stopped these payments.

*Did Mrs S contribute to her loss?*

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I think it would be fair to reduce compensation by 50% on the basis that Mrs S should share blame for what happened. Mrs S was offered a job over WhatsApp without receiving a job interview. She was also required to make payments rather than be paid by her employer and appears to have carried out little if any research about the company before making the payments. With these red flags in mind, I think Mrs S should have taken more care before making the payments she did in relation to the scam.

### **Putting things right**

To put things right Monzo Bank Ltd should:

- Refund Mrs S 50% of the payments made in relation to the scam from payment 8.
- Add 8% simple interest to the amount it pays Mrs S from the date the payments were made to the date they are refunded (less any lawfully deductible tax).

### **My final decision**

I uphold this complaint and require Monzo Bank Ltd to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 24 October 2024.

Terry Woodham  
**Ombudsman**