

The complaint

Mrs B complains about Monzo Bank Ltd.

She says that Monzo didn't do enough to protect her when she became the victim of a scam and would like it to refund her the money she has lost.

What happened

The details of what happened are well known to both parties, so I won't repeat them here. In summary, Mrs B came across an advert on Facebook about investing in cryptocurrency which featured a well-known celebrity supposedly endorsing the investment.

Mrs B filled in an enquiry form and was contacted by an individual who said they would help her to understand how to begin to invest. She was asked to provide identity documents, download AnyDesk, and was told she needed to open an account with Wise which would be used to forward the payments to Binance, a crypto exchange.

Mrs B made a payment of £3,000 to the new account with Wise – but when she spoke with a friend about what she was doing, they voiced concern and told her to request a withdrawal, however Mrs B's request was met with excuses, and she was unable to withdraw any funds. Mrs B realised she had been scammed and cut contact.

Mrs B then complained to Monzo – but it didn't uphold her complaint. She then brought her complaint to this Service.

Our Investigator looked into things but didn't think that her complaint should be upheld.

Mrs B asked for an Ombudsman to make a final decision, so the complaint has been 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.

Having done so, I've decided not to uphold Mrs B's complaint for broadly the same reasons as our Investigator. I know this will be disappointing for Mrs B, so I'll explain why.

It isn't in dispute here that Mrs B has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In broad terms, the starting position at law is that a banks, electronic money institutions (EMI's) and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mrs B authorised the payments in question here – so even though she was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, she is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Monzo should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mrs B when she authorised payments from her account or whether it could or should have done more before processing the payments.

Having considered the payment Mrs B made, I am not persuaded that Monzo needed to get in touch with her prior to processing the payment on her request. I say this because I don't think the payment was sufficiently unusual or suspicious enough for Monzo to have had concerns she may have been at risk of financial harm.

I know that Mrs B and her representatives say that the fact Mrs B's Wise account was set up as a new payee only recently means that the payment should have been regarded as suspicious – but I don't agree. Mrs B was making a payment to an account in her own name, and I don't consider the value of the payment to have been particularly high – even given the limited account history on her Monzo account – and as I've explained above, businesses can't reasonably be expected to intervene on every transaction.

I am very sorry for the situation Mrs B now finds herself in – I know that she has lost a lot of money and is ashamed and anxious about what has happened. But the loss has been caused by the scammers themselves, not Monzo, and I can't ask Monzo to refund Mrs B the money she has lost when I don't think it has done anything wrong.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or

reject my decision before 18 June 2024.

Claire Pugh
Ombudsman