

## The complaint

Mr D complains that Monzo Bank Ltd (Monzo) won't refund money he lost in a romance scam.

## What happened

### *What Mr D says:*

Mr D met someone online via a dating website in December 2022. He found her to be attractive and was flattered she appeared to be interested in him also. They developed a relationship using WhatsApp and discussed details of each others' lives. Mr D became convinced she was a genuine person with good intentions.

Mr D exchanged photos with the scammer, who said she wanted to develop her skills as a graphic designer. She needed to pay for a conference in Turkey, and Mr D paid for that. Then, over a period of nine months, Mr D made 53 payments between 3 January 2023 and 9 September 2023. The purpose of the payments was variously for travel, hotel bills, conferences, and hospital bills. The payments were part funded by two loans for £13,200 and £5,800 provided by Mr D's other bank. The scammer said she would pay the money back.

The payments were made to cryptocurrency sellers – the scammer told Mr D this was because she didn't have a bank account, but using cryptocurrency meant she could access the funds from anywhere.

The payments were:

Date	Payment	Amount
3 January 2023	Faster payment to various crypto sellers	£451
28 January 2023	Faster payment to various crypto sellers	£420
31 January 2023	Faster payment to various crypto sellers	£680
6 February 2023	Faster payment to various crypto sellers	£600
1 March 2023	Faster payment to various crypto sellers	£1,000
1 March 2023	Faster payment to various crypto sellers	£300
1 March 2023	Faster payment to various crypto sellers	£304
1 March 2023	Faster payment to various crypto sellers	£100
2 March 2023	Faster payment to various crypto sellers	£765

31 March 2023	Faster payment to various crypto sellers	£2,500
3 April 2023	Faster payment to various crypto sellers	£640
10 April 2023	Faster payment to various crypto sellers	£1,160
10 April 2023	Faster payment to various crypto sellers	£986
10 April 2023	Faster payment to various crypto sellers	£900
11 April 2023	Faster payment to various crypto sellers	£400
11 April 2023	Faster payment to various crypto sellers	£1,000
11 April 2023	Faster payment to various crypto sellers	£130
11 April 2023	Faster payment to various crypto sellers	£70
11 April 2023	Faster payment to various crypto sellers	£230
12 April 2023	Credit from crypto seller	(£130)
2 May 2023	Faster payment to various crypto sellers	£525
10 June 2023	Faster payment to various crypto sellers	£416
13 June 2023	Faster payment to various crypto sellers	£730
17 June 2023	Faster payment to various crypto sellers	£100
21 June 2023	Faster payment to various crypto sellers	£100
30 June 2023	Faster payment to various crypto sellers	£1,900
2 July 2023	Faster payment to various crypto sellers	£165
8 July 2023	Faster payment to various crypto sellers	£1,900
8 July 2023	Faster payment to various crypto sellers	£808
8 July 2023	Faster payment to various crypto sellers	£400
8 July 2023	Faster payment to various crypto sellers	£400
8 July 2023	Faster payment to various crypto sellers	£230
8 July 2023	Faster payment to various crypto sellers	176
8 July 2023	Faster payment to various crypto sellers	£156
8 July 2023	Faster payment to various crypto sellers	£350
9 July 2023	Faster payment to various crypto sellers	£917

9 July 2023	Faster payment to various crypto sellers	£300
12 July 2023	Faster payment to various crypto sellers	£400
13 July 2023	Faster payment to various crypto sellers	£200
15 July 2023	Faster payment to various crypto sellers	£500
19 July 2023	Faster payment to various crypto sellers	£486
19 July 2023	Faster payment to various crypto sellers	£1,000
19 July 2023	Faster payment to various crypto sellers	£1,000
19 July 2023	Faster payment to various crypto sellers	£1,891
19 July 2023	Faster payment to various crypto sellers	£2,500
19 July 2023	Faster payment to various crypto sellers	£1,500
31 July 2023	Faster payment to various crypto sellers	£2,750
1 September 2023	Faster payment to various crypto sellers	£2,000
4 September 2023	Faster payment to various crypto sellers	£164
29 September 2023	Faster payment to various crypto sellers	£801
29 September 2023	Faster payment to various crypto sellers	£2,180
<b>Total</b>		<b>£39,451</b>

Eventually, Mr D fell out with the scammer as she became evasive about coming to live with him in the UK, and she blocked him on WhatsApp. He then realised he had been scammed.

The scam left Mr D struggling to pay household bills. He needs to support his parents who live outside the UK and struggles to do that as well. And he has to pay back the two loans he took out. He has lost trust in other people and feels he cannot get into a relationship again.

Mr D says Monzo should've done more to protect him. He says the bank didn't intervene in any of the payments, nor did he get any warnings and should have done so. He says Monzo should refund the payments he made plus compensation of £250.

*What Monzo said:*

Monzo didn't sent a final response but sent to us their evidence. In summary, they offered to refund payments after the one on 3 September 2023, less a deduction of 50% for contributory negligence. The bank also said:

- They'd seen no evidence of the scam, e.g. screenshots/messages.

- They provided a number of warnings for many of the payments.
- The payments were outside of the Contingent Reimbursement Model Code (CRM) – as the payments were to crypto sellers on legitimate crypto currency platforms, and it was from there the scam took place.
- Monzo could refuse payments where it suspected fraud, but it was not under a contractual duty to do this.

*Our investigation so far:*

Mr D brought his complaint to us. Our investigator upheld it and said Monzo should refund the payments after and including the final payment on 8 July 2023 – because although the payments were of low value, by that time the volume and total value of the payments were out of character with how Mr D used his Monzo account. And on that day, Mr D made payments for more than £4,400 in quick succession to various people. The warnings given by Monzo predated that time.

If Monzo had intervened at that time, he said it was likely that the scammers' spell would've been broken and the subsequent payments stopped. So, he said Monzo should refund £18,939.

Mr D accepted the findings. But Monzo didn't agree and asked that an ombudsman look at the complaint. The bank said consideration should be given to shared liability – as there was no evidence that Mr D did any due diligence.

*I issued a provisional decision which said Mr D should bear some responsibility for his losses:*

I'm sorry to hear that Mr D has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr D didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have 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 make 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.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr D when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. Monzo hasn't signed up to the Code, but they follow its principles.

The important matter here is whether this were payments that Monzo might reasonably have considered unusual, and therefore whether they should've held or stopped the payments and contacted Mr D about them.

I looked at Mr D's Monzo statements. He only opened the account in November 2022 – so there is little history before the scam payments were made. But I can see he used the account to make payments of up to £1,175 – in the period before the scam payments in question began. There were 12-13 such payments in the period between the account opening and the end of December 2022.

Therefore, given this, I don't consider the payments up to 8 July 2023 were significantly out of character to expect Monzo to intervene. I'm also mindful that:

- The payments up to 8 July 2023 were made over a seven-month period with some long intervals in between. This isn't typical of a scam – where there are rapid payments in quick succession and over a small number of days or weeks.
- The payments were to various and different payees and at various banks.
- Monzo showed us evidence that they sent scam warning messages to Mr D 23 times up to 21 June 2023, but he opted to go ahead despite these.

These said: *“Could this payment be someone trying to scam you? If you have any doubts (for example, you don't personally know the recipient), get some advice. Bear in mind that once you make a payment, it's almost impossible for us to get the money back”*

*“Could someone be trying to scam you? Stop if:*

*– You were told your account is at risk, to make an unexpected payment, or to take out a loan*

*– The offer sounds too good to be true*

*– You haven't double checked who you're paying*

*– You were told to ignore warnings like this*

- You may lose money if this is a scam. If you're at all unsure stop and get advice”*

Each time, Mr D opted to go ahead.

And - there's a balance to be made: Monzo has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. In this case, I think Monzo acted reasonably in processing the payments up to 8 July 2023.

But on 8 July 2023 – there were eight payments totalling more than £4,400. And up to that point, Mr D had made payments totalling over £20,000 to various payees – this, taken together, and on a cumulative basis, was out of character for him. And so, while the individual value of the payments was low, I'm persuaded that by that time there was enough going on to reasonably expect Monzo to have intervened.

I also noted that the payments throughout were mostly funded the same day by a like transfer from Mr D's other bank account – it's reasonable to say this was a sign of a scam.

If the bank had intervened, they could've asked open question such as:

- Why are you making the payment?
- Who to?
- For what purpose?
- How were you contacted?
- What do you know about crypto investing?
- Why are you paying money to this person in crypto currency?
- How were you given the bank account details where the money was to be paid to?

Monzo would've found out that Mr D had been contacted via a dating website, and the contact had originated from the internet; no money had been repaid; the apparent reasons for the money; that they hadn't met; and that there had been many previous payments. All of these were red flags and there was enough going on to persuade me that Mr D would've been warned about the risks involved and wouldn't have made the payments from then onwards.

Monzo has argued that they had an implied duty to make the payments promptly; but had a contractual right not to make the payments where fraud was suspected.

In this case Monzo's 23 April 2023 terms and conditions gave it rights to:

1. Block payments where it suspects criminal activity on the account, or to protect the customer from fraud.
2. Refuse to make a payment if it suspects the customer is a victim of fraud. Not make a payment if it reasonably believes the payment may be connected to a scam, fraud, or other criminal activity.

And here, for the reasons I've given I think it was reasonable to expect Monzo to be suspicious there was a pattern of fraudulent activity and intervene.

Therefore, I consider Monzo should be liable to refund the payments from the last one on 8 July 2023 - £18,939. **(continued)**

### *Contributory Negligence:*

But that's not the end of the story here. I also considered whether Mr D could've done more to protect himself and whether he should therefore reasonably share some of his losses. And I think he should. I say that as:

- The story Mr D was given – that the scammer had to be paid in crypto currency as she didn't have a bank account – seems very odd and it's reasonable to say he should have questioned that.

- The payments were made to many different payees and via different banks – it's reasonable that this should've been suspicious.
- Mr D didn't apparently get any repayments back from the scammer as he'd been promised – and there was enough of a time lag (nine months) for this to happen. Yet, he continued to make more payments to her.
- Up to 21 June 2023, Mr D got 23 warnings from Monzo. These were general scam warnings – but Mr D still went ahead each time. I think the cumulative effect of these should've caused Mr D to question what was going on beyond that date.

I haven't been provided with the WhatsApp chats between Mr D and the scammer (he says they've been deleted) – so I haven't been able to see if there were any circumstances which may cause this deduction to be reconsidered.

For these reasons, I think it is fair that Mr D bears 50% of the losses.

### *Recovery*

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Monzo took the necessary steps in contacting the banks that received the funds – in an effort to recover the lost money. Mr D didn't contact Monzo until 30 October 2023 (via his representatives). So it is very unlikely that any money would remain to be repaid– bearing in mind the payments were made over a nine-month period, which gave plenty of time for it to be removed by the scammers.

### *Responses to the provisional decision:*

Mr D accepted the findings, but Monzo didn't. The bank said Mr D should be responsible for 100% of his losses because:

- He was presented with 23 warnings from the start, but still chose to go ahead.
- The payments were sent to a wallet in his own name and under his control, and then to beneficiaries as directed.
- Because Mr D went ahead despite the warnings this suggests a significant level of manipulation by the scammer and so it's reasonable to conclude he would've gone ahead even if there had been further intervention by Monzo.

I now need to consider these comments and make a final decision.

### **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.

I've considered the comments made by Monzo and reviewed Mr D's complaint again. But I remain of the view that the provisional decision proposed a reasonable and fair outcome in the overall context of what happened.

I accept that Mr D was presented with 23 scam warnings.

- But these were all general warnings rather than ‘tailored’ ones (which may have referred to romance scams) – which Monzo could’ve presented to Mr D if they’d intervened on or around 8 July 2023.
- The warnings were all dated before and up to 21 June 2023. And I think it’s reasonable that by 8 July 2023 Monzo should’ve intervened. If warnings had been made on or after that date, I would have had to consider that in reaching an outcome.
- I did take into account that Mr D was sent the prior warnings when considering the consequential loss deduction of 50%.
- The fact that the payments were sent to a wallet and then to the scammers doesn’t mean that Monzo don’t have a responsibility to monitor and protect customers from scams.

When stepping back here – Mr D is to be refunded only £9,469 out of his losses of £39,4521 – which on balance, I consider is a fair and reasonable outcome.

### **Putting things right**

So, my final decision is unchanged from the provisional decision.

### **My final decision**

I uphold this complaint. Monzo Bank Ltd must:

- Refund £9,469.50 (£18,939 less 50%), plus interest at 8% per annum simple on the payments from the date they were made to the date of settlement.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 15 July 2024.

Martin Lord  
**Ombudsman**