

## **The complaint**

Mr V complains Monzo Bank Ltd won't refund the money he lost to a scam.

## **What happened**

In late 2023, Mr V was looking for work to boost his income. He was contacted on an instant messaging service about a remote job opportunity. He was told he would be reviewing apps to boost sales. Unfortunately, this was a scam.

Mr V was given sets of tasks to complete to earn commission. He thought he had to pay money to the platform, in cryptocurrency, to unlock tasks and access his earnings. Mr V sent payments of £2,600 and £825 in late September and early October 2023 respectively to the scam, via a cryptocurrency merchant, from his Monzo account.

When Mr V was repeatedly blocked from accessing/withdrawing his earnings, he realised he had been scammed. He complained to Monzo that it should have done more to protect him when he made the payments. As it didn't agree to refund him, he referred the matter to our service (with support from a professional representative).

Our investigator didn't uphold the complaint. She didn't think Monzo had cause to be concerned about the payments at the time. She noted another firm had also intervened when Mr V sent payments to the scam – and Mr V hadn't been upfront about what he was doing. Overall, she didn't think Monzo was liable for Mr V's loss.

Mr V has appealed the investigator's outcome. In summary, he says (via his representative) the pattern of activity – i.e. sending funds to a cryptocurrency merchant – was unusual for him, yet Monzo took no steps to warn him of the scam risk.

## **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 it. I'll explain why.

Mr V made these payments due to falling victim to a scam. In line with the Payment Services Regulations 2017, account providers are expected to process payments that a customer authorises it to make. So the starting position is Mr V is liable for these payments.

But taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Monzo should reasonably have been on the look-out for the possibility of fraud or scams and have taken additional steps, or made additional checks, before processing payments in some circumstances. Such as when a payment looks particularly unusual or uncharacteristic compared to the normal use of the account.

I've carefully considered whether the payments Mr V made to the scam should have been flagged for additional checking or warnings. Overall, I'm satisfied it was reasonable for Monzo to simply process the payments in line with the authorised instructions it received.

I do appreciate the payment of £2,600 was for a significant amount. But there is a balance to be struck between identifying payments that could potentially be fraudulent – and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments. In amongst the volume and value of transactions Monzo processes, I'm not persuaded this payment appeared so risky or concerning that Monzo ought to have issued warnings or found out more from Mr V about the circumstances in which he was making it.

The payment was sent to a genuine cryptocurrency merchant. I do appreciate that, by October 2023, multi-stage fraud, including the use of payments to cryptocurrency accounts as a step to defraud consumers was well-established. So I've considered this as a factor which added to the risk level of the payment. But looking at the overall nature and value of the payment, and bearing in mind that not all cryptocurrency transactions are connected to fraud, I think it would be too onerous to hold Monzo at fault for not intervening.

The second scam payment was sent a few days later and for a lower amount. It was also sent to the same genuine cryptocurrency merchant – meaning it wouldn't have been obvious from the recipient that the transaction was connected to fraud. I therefore don't think Monzo had cause to take further action before processing this payment either.

I also agree with the investigator that, even if Monzo *had* intervened, it's unclear whether this would have succeeded in uncovering the scam. That's because of what Mr V told another account provider when it flagged payments connected to the scam. Mr V didn't reveal the full details of what he was doing, and told our investigator he did this in order to "make things work".

I appreciate Mr V's representative says that, regardless of the actions of other firms, Monzo failed to intervene. However, I have already addressed why I don't think it had cause to do so. But even if I thought it had failed, I would always need to consider whether any errors it made had a material impact on Mr V. That's because our service doesn't make punitive awards; rather, we look to redress the impact on the consumer of any wrongdoing by the firm.

Overall, I don't think Monzo is responsible for Mr V losing these funds to the scam. Nor do I think it could have recovered them once the scam was reported. That is because Mr V used a legitimate cryptocurrency exchange platform to purchase funds to load to the job platform.

While card payments fall under the scope of the chargeback scheme – which looks to settle payment disputes, subject to rules set by the card-scheme provider – I'm persuaded claims under this scheme wouldn't have succeeded. That's because the scheme could only consider a dispute about the merchant paid direct. Whereas Mr V's dispute is about the scammer the funds were subsequently sent on to.

I appreciate this will be disappointing for Mr V, who has lost a significant amount to this scam. While I understand the toll this has taken, I'm not persuaded Monzo caused or contributed to his fraudulent loss. Nor do I think Monzo's actions in connection with this scam caused him undue distress and inconvenience warranting compensation. I'm therefore not directing Monzo to make an award, or to take other action, to resolve this complaint.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 31 July 2024.

Rachel Loughlin  
**Ombudsman**