

## The complaint

Mr L complains that Monzo Bank Ltd (Monzo) is refusing to refund him the amount he lost as the result of a scam.

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

## What happened

Mr L came across an advertisement for trading opportunities with the company Group 500 (X). X looked very professional and appeared to be endorsed by a well-known celebrity.

As Mr L was interested in the opportunity he clicked on the link and completed a data caption form with his personal information. Mr L then carried out his own online research which further supported the view that X was legitimate.

Mr L then received a call from X who explained the opportunities available to him and the potential profit that could be made. X built a trusting rapport with Mr L talking about their own personal lives as well as potential investments.

Mr L was then persuaded to open a trading account with X and had to give information common with what Mr L would usually expect opening such an account. Mr L tells us that this process made X appear even more legitimate.

As part of the investment process Mr L was required to open accounts with Binance and Kracken and he started to make payments as directed by X from another of his accounts held elsewhere.

Mr L's investments appeared to be doing well and X persuaded him to invest more. X explained Mr L could have a VIP account if he invested a minimum of £125,000.

Mr L thought about the proposal and was convinced by X that the benefits of the account would be worth the investment, including that he would receive training on trading himself. X told Mr L to open an account with Monzo as it would be easier to make transfers, which Mr L did and started to make high value transfers.

Mr L's investment had made a substantial profit and he decided to make a withdrawal. However, when he attempted the withdrawal, he was told fees would have to be paid first in relation to commission and tax. Mr L paid the fees from an account he held elsewhere but was then unable to contact X and it became clear he had fallen victim to a scam.

Mr L made the following payments in relation to the scam from his Monzo account:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
04 August 2021	Credit		-£150.88
08 August 2021	Payward	Transfer	£10.00
08 August 2021	Payward	Transfer	£10.00

11 August 2021	Payward	Transfer	£111,000.00
11 August 2021	Payward	Transfer	£10,000.00
12 August 2021	Payward	Transfer	£800.00
12 August 2021	Payward	Transfer	£900.00
14 September 2021	Payward	Transfer	£50,000.00
14 September 2021	Credit		-£1,710.05
29 November 2021	Payward	Transfer	£50,000.00
30 December 2021	Credit		-£1,067.63
24 January 2022	Credit		-£10,000.00
25 January 2022	Payward	Transfer	£5,000.00
26 January 2022	Payward	Transfer	£10,000.00
27 January 2022	Payward	Transfer	£11,500.00
27 January 2022	Payward	Transfer	£9,999.00

In my provisional decision sent on 31 May 2024 I explained why I didn't think Monzo was responsible for Mr L's loss, and why this complaint shouldn't be upheld. I said:

*'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 don't intend to uphold Mr L's complaint. I'll explain why.*

*Recovering the payments Mr L made*

*Mr L made payments into the scam via the method of transfer. When payments are made via this method Monzo has limited options available to it to seek recovery. Monzo could contact the operator of the payee's account and ask for a refund of any funds that remain. But in this case Mr L was making transfers to an account in his own name before the funds were transferred to X. So, if any funds did remain Mr L would still be in control of them.*

*I don't think Monzo had any reasonable options available to it to seek recovery of the payments Mr L made in relation to the scam.*

*Should Monzo have reasonably prevented the payments Mr L made?*

*It has been accepted that Mr L authorised the payments that were made from his account with Monzo, albeit on X's instruction. So, the starting point here is that Mr L 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 intervened when Mr L made the payments. And if it had intervened, would it have been able to prevent the scam taking place.*

*Mr L was making significant payments from his Monzo account, and I think that by the time Mr L made a transfer of £111,000 on 11 August 2021 Monzo should have had concerns and intervened in the payment. However, I think it's unlikely this would have made a difference. When Mr L made payments in relation to the scam from an account he held at another bank, it did intervene, and the payments were discussed with Mr L. Mr L explained the payments were being made in relation to his 'household'.*

*We have asked Mr L some further questions having received this information and he has confirmed that:*

- *X told him to say “household” for the payment reason*
- *X told him to ignore concerns raised by the banks*
- *X instructed him to give false information if questioned by the bank as British banks were not forward thinking and just liked to keep liquidity*

*Having been coached by X to give misleading information when making the payments Mr L continued to make large payments as instructed by X, taking its advice to give false information when questioned about them. While I think Monzo should have intervened it's clear that Mr L was willing to take X's guidance to give misleading information to have the payments processed. I don't think Mr L would have been any more honest with Monzo had it questioned him about the payments, which would have made it very difficult for Monzo to uncover the scam that was taking place.*

*With the above in mind, I don't think Monzo missed an opportunity to prevent the scam and it is not responsible for Mr L's loss.'*

### **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.

Mr L responded to my provisional decision. He said he did not lie to Monzo but was asked to open an account with it because it was forward thinking. He said that an effective warning from Monzo would have prevented the scam.

I have thought about what Mr L has said but this does not change my decision. It's clear from his responses to our questions and his actions throughout the scam that he had been coached by X to ignore the concerns of his other bank and to give incorrect information so the payments would be processed. Having been told this Mr L continued to make the payments.

I think it's most likely that had Monzo intervened Mr L would have followed X's guidance and misled Monzo to process the payments, as he did with his other bank.

So, the comments made by Mr L don't change my decision. I still don't think Monzo missed an opportunity to prevent the scam, and it is not responsible for Mr L's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 July 2024.

Terry Woodham  
**Ombudsman**