

The complaint

Mr T complains that Monzo Bank Ltd (“Monzo”) won’t refund the money he lost as a result of an investment scam.

What happened

The background to this complaint is known to both parties, so I won’t repeat all the details here. In summary, Mr T transferred a total of about £2,623 to company by the name of ITP Corporation (the scammer) for what he believed was a genuine investment opportunity.

He’d been told about this opportunity by a friend who’d been using this company’s platform and had been making profits for months. And he could see this company had significant marketing and an online presence – all of which added to the legitimacy of the opportunity.

A series of payments were sent, between 14 and 20 November 2023, from Mr T’s account with Monzo account, to his cryptocurrency platform (Nexo), before the funds were sent on to the scammer. Mr T realised he’d been scammed when he couldn’t make any withdrawals.

I’ve listed below the transactions I’ve considered as part of this complaint.

Date	Type	Recipient	Amount
14-Nov-23	Card payment	Nexo	£214.18
15-Nov-23	Card payment	Nexo	£203.98
16-Nov-23	Card payment	Nexo	£912.82
16-Nov-23	Card payment	Nexo	£499.76
17-Nov-23	Card payment	Nexo	£178.49
18-Nov-23	Card payment	Nexo	£91.80
20-Nov-23	Card payment	Nexo	£522.19

The scam was reported to Monzo in early December 2023. A complaint was later raised, referred to our Service, and reviewed by two Investigators. The first Investigator upheld it. In summary, she thought there was insufficient evidence to show Monzo had done enough to protect Mr T from the scam. The second Investigator, who reviewed the case on receipt of Monzo’s file, concluded none of the payments would have appeared so unusual such that Monzo had missed an opportunity to prevent the scam; and a chargeback wouldn’t have had any prospect of success; but that Monzo’s offer of £125 for the distress and inconvenience Mr T had suffered as a result of its poor handling of his scam claim was fair.

As the matter couldn’t be resolved informally, it’s been passed to me to decide. And I hope it’ll help Mr T to know that I’ve reviewed everything that’s been provided from the outset.

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 reached the same conclusions as the second Investigator.

Authorisation

It's not in dispute Mr T was scammed and I'm sorry about the impact the whole experience has had on him. It's also not in dispute that he authorised the payments from his Monzo account. So, although he didn't intend the money to go to a scammer, under the Payment Services Regulations 2017, Mr T is presumed liable for his losses in the first instance. And as the Supreme Court reiterated in *Philipp v Barclays Bank UK PLC*, banks generally have a contractual duty to make payments in compliance with the customer's instructions.

Prevention

There are, however, some situations where I consider that a business, taking into account relevant rules, codes and best practice, should reasonably have taken a closer look at the circumstances of a payment – if, for example, it's particularly suspicious.

With this in mind, I've carefully considered if it was reasonable for Monzo to have processed the disputed payments without making additional checks – and, overall, I'm satisfied it was.

I recognise Mr T has lost a significant amount of money to a very elaborate scam and I can understand how many of its aspects would have led him to believe the opportunity was genuine. But it's also important for me to emphasise here that a bank can't reasonably be expected to intervene on every transaction that may be the result of a scam. There's a balance to be struck between identifying payments that may be made as a result of a scam and ensuring minimal disruption to legitimate ones. And, in this case, taking into account the information Monzo had available at the time, I don't think there was enough about any of the transactions that ought to have alerted it of a heightened risk of financial harm.

Like the second Investigator, I don't think any of the individual payments ought to have appeared as particularly concerning in value. As listed above, the combined total, while not insignificant, was sent to a legitimate merchant, across a series of payments, over a number of days. And looking at the payment activity, both individually and collectively, I'm also not persuaded there came a point that such a suspicious spending pattern had developed here to the extent that it ought to have reasonably triggered Monzo's fraud prevention systems.

This isn't a decision I've made lightly. I'm again mindful Mr T was the victim of a cruel scam and it's understandable that he wants to do all he can to recover his money. But I don't think it would be fair to hold Monzo liable for his losses in circumstances where, as I've found here, it couldn't reasonably have been expected to have done more to prevent them.

Recovery

All the disputed payments were card payments (through Apple Pay). As the Investigator has explained, the chargeback scheme is a voluntary scheme set up to resolve card payment disputes between *merchants* and cardholders. 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.

I can't see that a chargeback claim was attempted in this case. But we know the payments weren't made directly to the scammer. This is important because Monzo would only have been able to process a chargeback against the merchant (Nexo) that was paid. And because the merchant would have provided its services as intended, it's unlikely a chargeback would have been successful. I can't therefore reasonably uphold this complaint on this basis either.

Customer Service

In its submissions to our Service, Monzo offered to pay Mr T £125 for its poor handling of his scam claim and complaint. Although complaint-handling isn't a regulated activity (so I have no power to investigate or comment on that here), I agree the scam claim should have been better handled once it was reported. I can appreciate why Mr T would have found Monzo's delays and some of its communication upsetting and frustrating during what was an already difficult time for him. But bearing in mind that much of Mr T's distress was caused by the scammer's actions, I also agree an award of £125 is fair settlement in the circumstances.

My final decision

For the reasons I've explained, my final decision is that Monzo Bank Ltd should pay £125 to Mr T, for the upset he was caused as a result of its poor handling of the scam claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 13 August 2024.

Thomas Cardia
Ombudsman