

The complaint

Mr B complains that Monzo Bank Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In June 2023, Mr B received a text message from someone who said they worked for a recruitment agency and asked if they could pass him on to a representative from the hiring company. Mr B agreed and was then contacted by someone who said they worked for a data company. He was told the job involved optimising data for game developers, and that he would be paid a salary plus commission for each set of tasks he completed.

Mr B was given log-in details to access the data company's platform, where he could see the tasks he could complete and the commission he had earned. And he was shown how to buy cryptocurrency, which he would use to pay for the tasks he was to complete. Mr B then made a number of payments from his Monzo account to purchase cryptocurrency, which he then sent on to wallet details he was given for the data company.

I've set out the payments Mr B made from his Monzo account below:

Date	Details	Amount
19 June 2023	To 1 st payee	£70
20 June 2023	To 2 nd payee	£240
20 June 2023	To 2 nd payee	£157
21 June 2023	To 3 rd payee	£830
22 June 2023	To 1 st cryptocurrency exchange	£3,330
29 June 2023	To 2 nd cryptocurrency exchange	£7,150
29 June 2023	To 4 th payee	£200

Unfortunately, we now know the data company was a scam. The scam was uncovered after the company asked Mr B for further payments before he could withdraw the money he was told he had earned, and Mr B realised he had been the victim of a scam.

Monzo investigated but said it felt it had correctly followed its procedures and executed the payments in accordance with Mr B's instructions. So it didn't agree to refund the money Mr B had lost. Mr B wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Monzo could reasonably have been expected to prevent the scam, so didn't think it should have to refund the payments Mr B had made. Mr B disagreed with our investigator, 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 don't think it would be fair to require Monzo to refund the payments Mr B made. I'll explain why below.

Banks are expected to make payments in line with their customers' instructions. And Mr B accepts he made the payments here. So while I recognise he didn't intend for the money to ultimately go to scammers, he did authorise the payments. And so the starting position in law is that Monzo was obliged to follow his instructions and make the payments. So Mr B isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think 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 account providers 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.

But, even if Monzo had identified that Mr B was potentially at risk of financial harm from fraud as a result of some of these payments he made, I don't think the action I would have expected it to take would have prevented him from making the payments or losing the money he did.

I think Monzo ought to have recognised some risk when Mr B tried to make the fifth payment here, for £3,300 to the first cryptocurrency exchange on 22 June 2023. And given the size of this payment and that it was identifiably related to cryptocurrency, I think a proportionate response to the risk I think it should have identified would have been for it to provide Mr B with a tailored written warning about cryptocurrency scams.

But as the scam Mr B was the victim of wasn't common or well-known at that point and was a very specific type of employment or advance-fee scam, I wouldn't have expected the warning Monzo gave to specifically cover it. And so I think it's unlikely the warning would have resonated with Mr B or impacted his decision about whether to continue making the payments.

I also think Monzo ought to have recognised a further risk when Mr B tried to make the sixth payment here, for £7,150 to the second cryptocurrency exchange on 29 June 2023. And I think a proportionate response to the risk I think Monzo should have identified here would have been for it to ask Mr B a series of questions in order to try to establish the actual scam risk, and then to provide him with a written warning relevant to that risk.

But from what I've seen of Mr B's communication with the scammers, they told him to tell his banks that no-one was guiding him and to ignore anything they tell him about fraud. And Mr B also suggests several times that he doesn't think the questions the banks ask are sensible or necessary and that he knows how to answer them so that payments are allowed through.

And from what I've seen of Mr B's communication with other banks he sent money from as a result of this scam, he also wasn't always honest or didn't disclose all relevant information about the circumstances surrounding the payments – seemingly in an effort to force the payments through.

So even if Monzo had asked questions to establish the scam risk, I think it's likely Mr B wouldn't have given it accurate information about the purpose of the payment or the circumstances surrounding it. And so I don't think Monzo would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr B from making the payments or losing the money he did.

I appreciate that Mr B has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Monzo's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Monzo to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Monzo to refund the money Mr B has lost.

We also expect banks to take reasonable steps to try to recover any money their customers have lost as a result of a scam. But as the payments Mr B made here all appear to have been to purchase cryptocurrency, and Mr B appears to have received the cryptocurrency he paid for, I don't think anything I would have expected Monzo to have done would have been able to recover any of the payments.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 September 2024.

Alan Millward
Ombudsman