

The complaint

Miss E complains about Monzo Bank Ltd.

She says that Monzo didn't do enough to protect her when she became the victim of a scam and would like it to refund her the money she has lost.

What happened

Miss E was contacted out of the blue by an individual offering a flexible remote job. At the time, Miss E wasn't actively looking for work, but was interested in the opportunity due to financial circumstances.

It was explained to Miss E that she would need to purchase 'tasks' with cryptocurrency, and that she would then earn commission and bonuses, and that she would need to complete the tasks on the app which would be provided. Unfortunately, the supposed opportunity was actually a scam.

Miss E has made payments from the scam from several accounts, including her account with Monzo, which she was instructed to open by the scammer for the purpose of purchasing crypto. Miss E made one payment of £2,380 from her Monzo account to a crypto exchange.

After the scam was uncovered, Miss E made a complaint to Monzo, and said that it hadn't done enough to protect her from the scam. Monzo didn't uphold her complaint.

Unhappy, Miss E brought her complaint to this Service.

Our Investigator looked into things, but also didn't think that her complaint should be upheld. They said that Miss E declared when opening account that it would be used to purchase crypto, and that the payments weren't sufficiently unusual or suspicious enough for Monzo to have had concerns that Miss E may be at risk of financial harm.

Miss E asked for an Ombudsman to make a final decision on her complaint, so it 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've decided not to uphold this complaint, for broadly the same reasons as our Investigator. I know this will be disappointing for Miss E, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are 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's fair and reasonable in this case.

Miss E authorised the payments in question here – so even though she was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, she is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Monzo should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having 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 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.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss E when she authorised payment from her account or whether it could and should have done more before processing them.

I can see from the account opening purpose, Miss E declared that she intended to use her account to purchase crypto – so I don't think that the fact Miss E went on to purchase crypto from her account would have seemed unusual to Monzo. While crypto does carry an elevated risk, not every such payment is made as part of a scam – and as Miss E only made one payment from her account for this purpose, I can't say that Monzo should have had concerns that she may be the victim of a scam at the time she made this payment.

I also don't think that the amount of money Miss E paid from her account was sufficiently unusual or suspicious enough for Monzo to have had concerns that Miss E may have been at risk of financial harm.

So, I don't think that Monzo needed to intervene in the payment Miss E made, and it didn't miss an opportunity to prevent her loss.

I also don't think that there was anything Monzo could have done to try and recover any of Miss E's funds – the payment was made to a genuine crypto exchange, and then the crypto was transferred to the scammer, so there was no way of recovering the funds Miss E lost.

I am very sorry for the situation Miss E now finds herself in, I know that she was taken in by a cruel and manipulative scam and has lost a lot of money across the multiple accounts that she made payments from. But the loss has been caused by the scammer – not Monzo – and I can't ask it to refund her when I don't think that it has done anything wrong.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 24 October 2024.

Claire Pugh
Ombudsman