

The complaint

Mr R complains that Monzo Bank Ltd won't refund him after he lost money to a job scam.

What happened

On 19 September 2024, I issued my provisional decision on this complaint. I wanted to give both parties a chance to provide any more evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

Mr R has explained that he was looking for a new job opportunity and found one that interested him on a well-known online recruitment website. The job stated it could be completed flexibly with no experience required, and with a part time salary of £30 to £50 per hour. On clicking the job link, Mr R was taken to a separate webpage, where he provided some details about himself.

A few days later, Mr R received contact via instant messaging, from an individual purporting to work for a recruitment team. She asked if Mr R was looking for full time or part time work, then advised someone else from the team would be in touch.

Mr R received contact from a second individual, who claimed to work for a well-known home improvements firm. Unfortunately, both individuals that had contacted Mr R were in fact fraudsters working together on the same scam.

The fraudster advised she would explain the job to Mr R in more detail. Mr R was told he needed to complete 38 'tasks' daily, whereby he would be providing positive reviews to the company's products and in doing so, would earn commission. Mr R was told that occasionally, workers receive 'lucky bonus' tasks, which require them to deposit money onto their account through cryptocurrency before they can continue with their tasks, but that these tasks also boost commission.

Mr R initially practiced the role on the fraudster's account before being told to start his own tasks. While completing his own first set of tasks, Mr R encountered some lucky bonus tasks and sent cryptocurrency as requested, believing he was replenishing his account. During this early stage of the scam, Mr R did ask the fraudster twice if what he was doing was illegal, or whether he was being scammed, but was told this wasn't the case. After completing the tasks, Mr R received his funds back to his account, plus some commission, which encouraged him to continue working.

However, when completing his second set of tasks, the amount he was being asked to deposit kept increasing and he was asked for more funds even after completing his tasks. When Mr R had no more funds available to send, he realised he'd fallen victim to a scam and contacted Monzo to raise a claim.

Initial payments towards the scam were made from Mr R's other banking provider. However, when further payments through this provider were blocked, Mr R began making payments from his Monzo account. In total, Mr R made the following card payments towards the scam from his Monzo account:

Date/time	Payment value
21/02/2024 21:13	£1,450
22/02/2024 21:08	£1,500
22/02/2024 21:14	£1,200
23/02/2024 21:10	£1,500
23/02/2024 21:17	£1,500
23/02/2024 22:14	£50
23/02/2024 23:24	£620

Monzo considered Mr R's complaint but didn't uphold it. It said as Mr R made payments to a cryptocurrency wallet in his own name, the payments from his Monzo account weren't the point of loss.

Mr R remained unhappy and referred his complaint to our service. An investigator considered the complaint and upheld it in part. He thought that by the time Mr R made the payment of £1,200, there were sufficient indications that Mr R may be at risk of financial harm from fraud for Monzo to have provided a written warning, in the form of a better automated warning, to establish the actual scam risk here. Had it done so, the investigator considered Mr R would've been honest about the purpose for payment and heeded the warning provided, thereby preventing further losses.

The investigator also didn't think Mr R should be held jointly liable for his losses from this point onwards. He said the role was found on a known employment platform, Mr R had completed checks and found nothing untoward on the firm and Mr R had been able to withdraw funds after his first round of tasks.

Monzo disagreed with the investigator's view. To summarise, it said:

- *Monzo was not the point of loss for Mr R's funds – this happened when the money left his cryptocurrency account*
- *The view is based on hypothetical outcomes, rather than the facts of the matter at hand*
- *There is legal precedent that banks are not required to intervene when it doesn't believe there is a risk of fraud*
- *Mr R did not act reasonably in believing he was being employed – paying your employer and setting up cryptocurrency accounts are not common practice and ought to have raised flags for Mr R.*

As Monzo disagreed with the investigator's view, the complaint has been referred to me for a final decision.

What I've provisionally 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.

There's no dispute that Mr R authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he is presumed liable for the loss in the first instance. The Contingent Reimbursement Model (CRM) Code does provide further protection for some payments that were made as the result of a fraudster.

However, the CRM Code does not include card payments, as was the case for these payments.

However, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Monzo ought fairly and reasonably to have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In addition, since 31 July 2023 when the Financial Conduct Authority's (FCA) Consumer Duty came into force, there are additional obligations on firms to avoid foreseeable harm to customers. As a result, where it would be considered appropriate based on the risk level, we'd expect warnings provided by firms to be more 'dynamic', asking questions to better understand the scam risk and for these questions to cover potential job scams, as this was.

All payments made by Mr R were going to an identifiable cryptocurrency platform, which is known to carry a higher fraud risk. However, I've also kept in mind that Monzo will process thousands of genuine cryptocurrency transfers daily, the vast majority of which will be genuine payments. Therefore, while all payments made by Mr R were moderate in value, I wouldn't have expected Monzo to have taken any preventative steps for the first two payments Mr R made, prior to processing them.

However, by the time he made the third payment, Mr R had already sent around £3,000 within the last 24 hours to cryptocurrency – something which isn't in line with his usual account use – and was looking to make a further payment just minutes after the previous one. I think these factors combined made this payment appear out of usual and warranted Monzo taking some steps to protect him from financial harm from fraud.

As already mentioned, on 31 July 2023, the FCA's Consumer Duty came into force, which placed expectations on firms to provide better, dynamic warnings to understand the nature of payments being made. I therefore think proportionate action for Monzo to have taken would have been to ask some further questions on the payment purpose to better understand what scam risks were present and provide a warning, based on Mr R's answers.

Having reviewed Monzo's file, I can see that it didn't question Mr R on any of the payments made, like I've determined it should have. The only communication between Mr R and Monzo I have seen was that after making the two payments of £1,500 the following day, Mr R did call Monzo clearly distressed as he was concerned the funds hadn't been received. However, this wasn't probed further by Monzo until after the scam was over. I've therefore considered what would have happened, had Monzo provided dynamic questioning on the third payment Mr R made.

Mr R has provided the chat transcripts between himself and the fraudster. From these, I can see that Mr R was never told he should conceal his actions from his bank, or lie should he be questioned. I therefore see no reason why Mr R wouldn't have answered any questions regarding these payments honestly. In addition, Mr R appears from the conversation to have had some doubts about the legitimacy of what he was doing. Therefore had he been asked about this, I think he would've been honest so as to further assure himself that he wasn't at risk. As job scams were a known form of cryptocurrency scam by this time, I think any form of questioning by Monzo ought to have included questions related to this type of scam, with an associated warning covering off the key features of this scam. As mentioned, Mr R already had some doubts about what he was being told to do by the fraudster, so I think if he had been given a warning that covered the scam he was falling victim to, he would've heeded this warning and not continued. I therefore think that Monzo should be held liable in part for Mr R's losses from payment three onwards.

I've therefore gone on to consider whether Mr R should also be held responsible for losses incurred from these payments. I appreciate that Mr R came across this scam through a genuine recruitment website and that he did complete some scam checks, prior to proceeding. I can therefore understand why he would've initially believed this to be a genuine job opportunity, particularly when he then received a payment for his first round of tasks. However, by the time Mr R started making payments from his Monzo account towards the scam, he'd already made seven payments through another banking provider, totalling around £2,500 – and by the time I'm suggesting Monzo ought to have intervened, he'd also sent around £3,000 from his Monzo account, therefore clearly overshadowing the credit he'd received from the role.

In addition to this I've had to bear in mind that what Mr R was being told to do here – the premise of paying to participate in a job is a complete inversion of the employer-employee relationship and would strike most people as an unusual arrangement. Additionally, there's no explanation provided of why a well-known home improvements firm would pay individuals to knowingly submit reviews about items they've never purchased, or why payments would need to be made in cryptocurrency in order to submit a review.

Overall, I think there were sufficient red flags here that reasonably ought to have led Mr R to have acted more cautiously than he did and I therefore think he should also be held responsible for his losses. I therefore think it's fair that Monzo and Mr R share responsibility for losses Mr R incurred 50/50 for payment three onwards.

Lastly, I've thought about whether Monzo could've done anything more to recover Mr R's funds, once it was made aware of the scam. As payments were made by card, Monzo's only method of recovery would have been a chargeback against the company that received Mr R's funds. However, as this was a genuine cryptocurrency firm that completed the role it was engaged to fulfil (providing cryptocurrency in return for sterling payment) I don't think a chargeback request would have had any reasonable grounds for success. I therefore don't think Monzo could have done anything further to recover Mr R's losses.

Overall, while I appreciate this will come as a disappointment to Mr R, I'm currently minded to determine that Mr R and Monzo should be held jointly liable for Mr R's losses from payment three onwards, and that Monzo therefore reimburses Mr R 50% of these payments.

My provisional decision

My provisional decision is to partially uphold this complaint and for Monzo Bank Ltd to to:

- *Refund 50% of payments three to seven (totalling £2,435)*
- *Apply 8% simple interest per annum, from the date Mr R made these payments, until the date of settlement.*

Mr R disagreed with my provisional decision. To summarise, he considered that Monzo ought to have intervened prior to payment three, as the first two payments were both higher in value than any he'd made previously and were within a short space of time of each other.

Mr R reiterated that he had used scam-checker sites to verify the legitimacy of the sites he was using and found nothing untoward. He said he's never been self-employed before, but assumed the process in place here was how self-employment must work.

Mr R also referenced having been on prescription medication since the scam, to help get through this experience.

Monzo accepted my provisional decision.

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.

I appreciate Mr R's strength of feeling in this case, and I'd like to assure him I've carefully considered all the additional points he has made. However, having done so, while I'm sorry to disappoint Mr R, my opinion remains the same and I am not upholding his complaint. I've provided my reasons below, covering Mr R's additional points.

While I understand Mr R feels Monzo ought to have intervened sooner than the third payment, based on the values of the first two, I unfortunately can't agree on this point. I have to bear in mind that Monzo has to maintain a difficult balancing act between protecting its customers from financial harm from fraud, while not unduly inconveniencing them when making genuine payments (as, of course, the majority are). While I accept these payments were higher in value than the typical spending on Mr R's account, I don't think the payment values were so unusual that Monzo acted unreasonably by not intervening at this point – particularly as there was a gap of around 24 hours between the first two payments. However, the third payment was made shortly after the second, and by this point I think there was enough of a pattern emerging that Monzo ought to have been concerned, which is why I suggested Monzo ought to have done more by this point.

I appreciate Mr R made some checks to question the legitimacy of the payments he was making and I did take this into consideration when deciding whether Mr R should hold some liability for his losses. But I've also taken into account that by the time Mr R had made the third payment, he was paying over £4,000 to an apparent employer in cryptocurrency who he'd only just started working for, had received no form of interviews or contracts and, based on the transcripts with the scammer, had some concerns that this was a scam. I therefore think there's more Mr R could have done, for example, calling the home improvements firm he believed he was employed by, to ensure what he was doing was legitimate.

I understand this scam would've have had a significant impact on Mr R and this has resulted

in him taking medication. Fraudsters are very callous in what they do, and my decision reached in no way detracts from the awful experience Mr R has had. However, I have to consider that it's the actions of the fraudster here that have caused the majority of Mr R's distress. While Monzo could at times have acted more swiftly in updating Mr R, the real cause of upset stems from the fraudster, and so I think that by reimbursing Mr R in the way I've set out already, this is sufficient for Monzo putting its own share of Mr R's losses right.

My final decision

My final decision is that I uphold Mr R's complaint in part and I direct Monzo to:

- Refund 50% of payments three to seven (totalling £2,435)
- Apply 8% simple interest per annum, from the date Mr R made these payments, until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 January 2025.

Kirsty Upton
Ombudsman