DRN-3156524

The complaint

Mr B has complained that Monzo Bank Ltd ("Monzo") has failed in its duty of care to support him as a vulnerable consumer.

Background

Mr B has a bank account with Monzo. In 2020, Mr B started to buy cryptocurrency online. He says that over a matter of months he lost in excess of £80,000 by transferring money from his Monzo account to two different online cryptocurrency traders.

During the time Mr B was making these transfers Monzo froze his account on a number of occasions. Mr B believes that his account was frozen by the bank because of the cryptocurrency transfers and feels that Monzo should've contacted him at this stage to offer him support. He believes that if Monzo had done this it would've prevented him from losing about £17,000 of the £80,000 he lost.

Monzo has said that it was unaware Mr B was vulnerable, or that these transfers were problematic, until he contacted it at the end of March 2021. It says it offered to put Mr B in contact with its vulnerable consumer team while it investigated his complaint, but Mr B indicated he didn't want to speak to the bank until it had responded to his complaint in full.

Monzo issued a response to Mr B's complaint approximately a week after he logged his complaint. It said that as it was unaware that Mr B was vulnerable, or that the transactions had become problematic, it hadn't done anything wrong. It explained that Mr B could contact it if he wanted to discuss the support available to him and how the bank may be able to help him in the future.

Unhappy with Monzo's response, Mr B brought his complaint to this service. One of our investigators looked into Mr B's complaint already. She felt that Monzo had missed an opportunity to provide support to Mr B after he had disclosed that he was vulnerable and spending in a compulsive way. On the back of conversations with her Monzo agreed to refund all of the transactions Mr B made after the 20 April 2021, as this was the date he spoke to the bank after it had issued the response to his complaint. Our investigator thought that was a reasonable offer and didn't ask Monzo to do any more in relation to the complaint.

Mr B disagreed with the offer, he says it only represents about 3% of his overall losses and that Monzo had failed to safe guard him properly. He asked for an ombudsman to review his complaint and so the case has been passed to me for consideration.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In order for me to establish whether or not Monzo failed to provide Mr B with adequate support and safe guarding I need to establish when I think it should've been aware that Mr B was spending in a compulsive or potentially problematic way.

Looking at Mr B's account statements, and from his own testimony, I can see that when he started to buy cryptocurrency he did so by transferring money from his business account into his Monzo account. As these were authorised transactions to and from his own accounts, I don't think it would've been something that Monzo would've picked up on immediately.

I say this because bank accounts are no longer monitored by people. Instead they are monitored by algorithms, designed to check that transactions are properly authorised by the account holder.

Mr B has said that on a number of occasions his account was temporarily frozen, and he believes it was because Monzo were checking on some of the cryptocurrency transactions he was making. Monzo has explained that when this happened it was to allow the bank to run some standard checks on the account and once they were completed the account was taken off hold. I've not seen anything in the file sent by Monzo that shows the checks were linked to concerns that Mr B was vulnerable, or that he may need additional support. So, I don't have any reason to think the checks should've triggered Monzo into speaking to Mr B about how he was spending his money at that time.

However, when Mr B contacted Monzo towards the end of March 2021, he explicitly told it that he was spending compulsively, had already lost a lot of money and needed some additional help. He asked if he could make a complaint and during that complaint disclosed what had been happening. So, at this point Monzo was aware that Mr B required additional help. And therefore, I now need to consider what help it offered and what impact it had.

Mr B logged his complaint with Monzo on 22 March 2021 via the bank's chat function. On the 24 March 2021, a representative from Monzo's customer care team contacted Mr B asking if they could speak to him about his account and spending. Mr B replied to say things were bad, but he was currently with friends and it wasn't a good time to talk.

Two days later Monzo tried to contact Mr B again, explaining it wanted to speak to him to find out how he was doing and what kind of help it could provide him. This time Mr B replied that he wanted to wait until the bank had considered his complaint before speaking to it about what support he needed.

On the 30 March Monzo replied to Mr B's complaint explaining it didn't think it had done anything wrong as it was unaware he was struggling to control his spending. Four days later, on 4 April 2021, Monzo messaged Mr B again asking if, now that his complaint had been answered, he wanted to discuss what support it could offer him.

Unfortunately Mr B didn't respond to the email on the 30 March 2021 or the message sent by Monzo on 4 April 2021 and continued to transfer money to cryptocurrency sites, transferring in excess of £26,000 over the following three weeks.

On 20 April Mr B contacted Monzo and discussed the type of support that could be useful. In its discussions with our investigator Monzo agreed that at this point it should've done more to monitor Mr B's account and prevent him from transferring any more funds to the cryptocurrency trader. So, it agreed to refund all of the transactions Mr B made after this date, which came to a total of £2,690.

I know that Mr B doesn't think this is enough, given the overall losses he has experienced. But in order for me to ask Monzo to do more than this, I need to be sure what impact earlier invention would've had on the way Mr B was managing his account.

I agree with Monzo when it has said it had no way of knowing that Mr B was spending in a compulsive or problematic way prior to 22 March 2021 when he contacted it about his concerns directly. After Mr B sent his initial letter of complaint, putting Monzo on notice that he needed additional help and support, I can see that it tried to contact him to find out what his needs were and how it could help.

This is exactly what I would expect a business to do in these circumstances. It's unfortunate that Mr B wasn't able to speak to Monzo when it contacted him on the 24 March 2021 as he was with friends. And it is equally unfortunate that when Monzo tried to speak to him about it again two days later Mr B wanted to wait until his complaint had been considered before discussing next steps.

But I am satisfied Monzo did what it could at this point. It had flagged Mr B was vulnerable and in need of additional support and had tried to contact him to find out what sort of support he needed. So, I don't think there was much more it could've done at this stage.

Once it had issued its final response on Mr B's complaint, Monzo again tried to contact him has he had said he would speak to the bank after his complaint had been answered. Unfortunately, Mr B didn't respond to this attempt by Monzo either.

Three days after this Mr B began transferring money to the cryptocurrency site again. So, it seems that he wasn't willing to speak to the business at this time and instead was still in the midst of a compulsive spending cycle.

At this point Monzo's obligations were to offer Mr B support, speak to him to understand what his specific needs and vulnerabilities were and try to find ways to help prevent him from further harm. And I think it did try to do that, on more than one occasion. So, it would be unreasonable for me to say there was anything more Monzo could've done to prevent Mr B from making the transfers he did between 22 March 2021 and 20 April 2021.

I do agree that this changed once Mr B made contact with Monzo on 20 April 2021. At this point Monzo was able to explain how it could help Mr B and what that help would look like. Therefore it is disappointing to see more transactions for cryptocurrency left Mr B's account after this time. I think it was right for Monzo to suggest refunding these transactions to Mr B in acknowledgement that they could've been prevented.

Therefore, while I am upholding Mr B's complaint against Monzo, I think the offer it has made, to refund £2,690 is enough and I won't be asking it to do any more. I know this will come as a disappointment to Mr B but I hope he understands why I have reached the outcome I have.

Putting things right

In order to put things write Monzo should:

- Refund all the transfers made to cryptocurrency sites from Mr B's account from 20 April 2021 until the date his complaint was brought to this service.

8% simple interest should also be awarded on any refunds from 20 April 2021 until the date of settlement. †

†HM Revenue & Customs requires Monzo to take off tax from this interest. Monzo must give Mr B a certificate showing how much tax it's taken off if he asks for one.

My final decision

For the reasons set out above I uphold Mr B's complaints against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 March 2022.

Karen Hanlon
Ombudsman