DRN-3190520

The complaint

Mr and Mrs C complain Monzo Bank Ltd won't refund money they lost when Mrs C fell victim to a scam.

What happened

Mr and Mrs C were due to fly abroad with their family. However, a mistake had been made on the spelling of the name on their daughter's ticket. Wanting to rectify that, Mrs C looked up the number for the airline and found what she thought was a genuine customer services' number. It turned out the number was fraudulent, on a fake website and in use by a scammer.

Mrs C was told there was a charge for making an amendment to a ticket. And so she provided her card details to verify who she was and to enable the charge to be paid. Mrs C was required to approve the payment via her banking app. But she was told the payment hadn't gone through. What followed was a series of increasing payments, each of which Mrs C had to approve via her app, but on each occasion she was told they hadn't gone through. And she was told that any difference in the cost of the amendment and the amount taken would be refunded to her.

The transactions are as follows:

Date	Time	Transaction	Amount £	Amount $	Balance remaining
4/11/2019	10.04am	e-commerce to 'Sarbatdabhalac'	£193.77	$250	£2,238.14
4/11/2019	10.07am	e-commerce to 'Sarbatdabhalac'	£542.56	$700	£1,695.58
4/11/2019	10.11am	e-commerce to 'Sarbatdabhalac'	£1,550.18	$2,000	£145.50
4/11/2019	10.12am	Failed e- commerce to 'Sarbatdabhalac'	£1,544.47	$2,000	£145.50
4/11/2019	10.13am	Failed e-commerce to 'Sarbatdabhlac'	£772.23	$1,000	£145.50
4/11/2019	10.14am	Failed e-commerce to 'Sarbatdabhalac'	£386.12	$500	£145.50
4/11/2019	10.15am	Failed e-commerce to 'Sarbatdabhalac'	£193.06	$250	£145.50
4/11/2019	10.21am	e-commerce to 'Sarbatdabhalac'	£77.22	$100	£68.18

12/11/2019	n/a	Reversed payment	£77.22		

Mr C noticed the payments going out of their account. He froze his card within the app and called Monzo at 10.16am to alert it to payments they hadn't made going out of their account - it doesn't appear he was aware Mrs C was making the payments at the time. Monzo ordered a new card, but whilst that was happening the final payment went through, which was later refunded.

Monzo declined to reimburse the transactions as it said they had been authorised and Mrs C hadn't taken reasonable measures to keep her details safe. And it stood by its decision when Mr and Mrs C complained.

Our investigator upheld the complaint in part. He concluded the payments were authorised but that the third transaction was unusual, uncharacteristic and part of a pattern of payments in a very short amount of time that ought to have alerted Monzo to something going wrong. He therefore asked Monzo to refund the payment of £1,550.18 plus 8% simple interest. But he didn't find the payments prior to that ought to have alerted Monzo to possible fraud.

Monzo disagreed that it should have intervened. But it also pointed out that at each payment Mr and Mrs C were sent a series of push notifications showing them payments had been made. And even if the push notifications didn't arrive, the feed would have shown the payments had been made. And it had previously noted the URL address was not that of the airline but an entirely different entity.

The matter was referred to me for review and determination, but I needed further information from the parties:

> Monzo – when the call from Mr C took place and a recording, a copy of the push notifications and copy of what the app would have shown to indicate who was being paid. This information has been provided by Monzo (and referenced above).
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> Mr and Mrs C – Mrs C's thoughts on being told by the scammer payments weren't going through but the bank was telling her otherwise. Answer – she trusted the airline when being told payments weren't going through.
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> What did Mrs C think when the merchant name was 'Sarbatdabhalac' and not the airline? Answer – the airline doesn't always show as that in the app. Examples were provided
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> Why did Mrs C accept an explanation that a larger payment needed to be taken with the difference refunded, given most people reasonably understand this isn't how genuine merchants operate? Answer – legitimate merchants often charge them and reimburse the amount. Examples of this were provided.
>
> Why Mrs C was nervous? Answer – they wanted to ensure their daughter could fly with them, and the call kept disconnecting which added to the stress of the situation.

I issued my provisional decision on 15 October 2021, reaching a different conclusion to the investigator. Monzo has confirmed receipt of the decision and said it has nothing further to add. Mr and Mrs C have also received the provisional decision. Although they are disappointed with the outcome, as they feel it penalises them for the fraud, they want to bring this to a close and so accept the outcome under protest.

I have considered the responses to my provisional decision. As no further evidence or arguments have been provided and accepting that Mr and Mrs C are disappointed with the outcome, I see no reason to alter my provisional findings. I therefore make them final below.

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.

Mrs C found what she believed to be the airline's website when she searched for it on-line. And when she called the number provided, she believed she was speaking with it. When told there was a charge for making an amendment to a ticket, Mrs C provided her card details to the scammer to carry out a transaction. This likely included the long card number, the expiry date, the CVV on the reverse, and when the payment was requested, Mrs C needed to confirm it in her app. By proving her card details to the scammer, Mrs C has provided apparent authority for transactions to be carried out, each of which she ultimately consented to by confirming each transaction in the app.

The payments were therefore authorised even though Mrs C was the victim of a scam. She made the payments as set out above. Although she didn't set out to get scammed, under the Payment Services Regulations 2017 (PSRs), which apply to these transactions, and general banking terms and conditions, Mrs C is presumed liable in the first instance.

Taking into account the law, regulators rules and guidance, any relevant codes of practice and what I consider to have 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 (amongst 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.

Mrs C consented to the first payment of $250 or £193.77 at 10.04 am. Given the previous operation of the account this payment is unremarkable. The account had been used previously for similar amounts, and for foreign transactions. I'm not persuaded there is anything about this transaction that ought to have alerted the bank to potential fraud. And I find similar about the second payment for $700 or £542.56 at 10.07am.

However, I'm not persuaded the same could be said for the third transaction of $2,000 or £1550.18 at 10.11 am. I fully accept Monzo's point that the account hadn't been in operation long and so building up an understanding of the usual pattern of transactions was ongoing. But it seems to me it's the pattern of transactions on *the day* that ought to have alerted it to the potential for fraud on its customer's account. I say this because:

- This payment was the third payment to the same person in a matter of minutes. This of itself is quite unusual.

- The amount was far higher than the previous two payments. And was the third on an increasing scale. Making a number of increasing payments over a very short space of time is a hallmark of fraud, as the scammer will be attempting ever larger transactions to obtain as much money as possible in the shortest amount of time.
- The payment almost cleared the full balance of the account. Whilst the account has been left with low balances before, that has usually been as a result of a culmination of transactions over a number of days or weeks, not one day.

I accept that account holders can and do make legitimate transactions that might be unusual for them or operate their account in way that might not be typical. But I find the third payment was so unusual that Monzo ought to have been put on notice of potential fraud and so make further enquiries.

But Monzo didn't make any enquiries or ask any probing questions about why the transactions were being made. Had it done so, I have no reason to doubt that Mrs C would have told them about their predicament with the flight ticket and that she was constantly being told that payments weren't going through. Putting to one side any arguments about the scammer asking for higher amounts than were needed (which I'll come on to shortly) Monzo would, at the very least, have been able to tell Mrs C that her two earlier payments had actually gone through, contrary to what she was being told by the scammer. Had it done so, I don't think she would have proceeded with the third payment and Mr and Mrs C wouldn't have lost £1,550.18.

I have considered that Mrs C was on the phone such that even her husband couldn't contact her about the transactions, and so Monzo might not have been able to either. But Monzo could have halted the payment until such time as it satisfied itself the payment was for genuine goods or services.

Although I have found that Monzo ought to have done more that isn't the end of the matter. I have also considered whether Mrs C should bear some responsibility for the situation in which they found themselves.

Banks aren't the only party responsible for keeping customer's money safe – the customer is too. And I think Mrs C was in possession of information during this process that ought to have alerted her to the risk that she was being scammed.

Mrs C was told there was a charge for amending a ticket. This of itself isn't unusual. But when she was told the first payment hadn't gone through and she needed to make a second higher payment she ought to have questioned this before simply proceeding. A legitimate merchant wouldn't ask a customer to make a payment for a higher amount than was due, only to refund the difference. There is no plausible reason for a merchant to do this and I think most reasonable people would understand that.

Although Mr C has provided evidence which he believes shows merchants doing this, I'm afraid it doesn't. The evidence provided shows merchants refunding the actual amount taken; it doesn't show legitimate merchants taking higher amounts from their account only to refund the difference back.

On each of the transaction requests, Mrs C was sent a push notification asking for confirmation of the payment request. I have set out below (two of the notifications from that day) what I understand the push notifications to have said:

> *Tap to approve or cancel your $250 payment at Sarbatdabhalac IN £193.06 ($250) at SarbatdabhalacYou've spent £203.06 today.*

Tap to approve or cancel your $700 payment at Sarbatdabhalac IN £540.56 ($700) at SarbatdabhalacYou've spent £743.62 today.

This shows, contrary to what Mrs C was being told by the scammer, that the payments she was approving were in fact going through – given the amount she had 'spent today' was increasing by comparable amounts. Although Mrs C has told us she believed what she was being told, she hasn't provided a plausible reason as to why she gave more credence to them than her own bank.

Finally, as can be seen above, the payments weren't showing as going to the airline she thought she was paying. I fully accept that some merchants show differently to some degree. And the information Mr C has provided does show that this particular airline's name isn't always shown in full. But it is shown in part along with what appears to be a booking reference and a symbol demonstrating the category of 'holidays'. I think there is a substantial difference to how other payments to this airline were shown and what Mrs C would have seen when making these payments, that she ought to have been on notice she might not have been paying the right party.

I find that there was sufficient information in Mrs C's possession that she ought to realised the situation as presented simply wasn't plausible such that she ought to have known there was a risk in proceeding. I therefore find that Mrs C is partly responsible for their losses. It follows that I don't find it fair for all of the responsibility for their loss to be assigned to the bank, or therefore that it should reimburse all losses that flow from the third payment.

Summary

I find the bank should have done more when Mrs C made the third payment request. And as such I require it to reimburse some of Mr and Mrs C's losses. But I also find Mrs C should also bear some responsibility for those losses.

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Limited to reimburse £775.09 representing 50% of Mr and Mrs C's losses. I also require it to pay interest on that amount at the rate of 8% simple per annum from the date of loss to the date of settlement (less any lawfully deductible tax).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 29 December 2021.

Claire Hopkins
Ombudsman