

The complaint

Mrs H complains that Monzo Bank Ltd (Monzo) won't refund the money she lost when she was the victim of a scam.

What happened

On 5 August 2021 Mrs H paid £1,407.60 to a holiday rental company host. She later found out the holiday rental site was a clone of a genuine site and she'd been the victim of a scam. Mrs H contacted Monzo on 6 August to report what had happened.

Monzo investigated Mrs H's claim but declined to provide a refund. It said it could only look to refund transfers paid to UK bank accounts, but Mrs H made an international payment.

The investigator who considered Mrs H's complaint didn't recommend that it be upheld. He noted that the scam payment was an international payment and so the Contingent Reimbursement Model (CRM) Code doesn't apply. He also didn't think the payment was unusual given Mrs H's normal account activity and so didn't think Monzo had any reason to intervene when the payment was made.

Mrs H didn't agree with the investigator, so her 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Monzo has agreed to adhere to the provisions of the Lending Standards Board Contingent Reimbursement Model (the CRM Code) which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances. But the CRM Code only applies to transfers to UK accounts in pounds sterling. In this case the transfer was made to an international bank and in Euros, so I can't consider Mrs H's claim under the CRM Code. I've gone on to consider whether Monzo could have done more to protect Mrs H from financial harm.

In broad terms, the starting position at law is that a bank is 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.

However, taking into account the law, regulator's rules and guidance, 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 (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 make 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.

I'm sorry Mrs H has had to contact us in these circumstances. I accept she's been the victim of a cruel scam, but I need to decide if Monzo did enough to protect her from the loss she suffered and what, if anything, ought to be done to put things right. Based on what I've seen, I don't think Monzo need to do anything further. I understand that I'm delivering a difficult message and I'd like to reassure Mrs H that I've carefully considered her complaint before reaching this decision.

Did Monzo act fairly and reasonably in Mrs H's case?

As I've explained above, I consider that as a matter of good practice Monzo should have been on the lookout for out of character or unusual transactions. So I've first considered whether the payment request Mrs H made on 5 August 2021 was out of character and unusual.

Having reviewed Mrs H's bank statements for the 12-month period before the scam I'm satisfied the payment request wasn't so unusual or suspicious given Mrs H's normal account activity that Monzo should have taken further action. I say this because Mrs H made a number of transactions for similar amounts shortly before the scam payment. For example, Mrs H made payments of £1,043 and £1,000 in August 2021 (before the scam payment) and in July 2021 she made payments of £1,000, £1,300 and £1,123. In the circumstances, a payment of £1,407.60 wouldn't stand out as unusual or suspicious to Monzo. And although the scam payment left Mrs H's account slightly overdrawn, this also wasn't unusual. The only unusual factor was that Mrs H made an international transfer, but I don't consider this in itself was enough to prompt Monzo to intervene.

I've also considered whether Monzo acted reasonably in trying to recover Mrs H's funds. I can see that Monzo contacted the bank that received Mrs H's funds on the day the scam was reported to it, which is what I'd expect. The bank that received Mrs H's funds hasn't responded, but I can't hold Monzo responsible for this. I'm afraid it's very unusual for international banks to return scam funds as this would require the consent of the account holder – which is highly unlikely given the payment was made as part of a scam.

Overall

I'm sorry Mrs H has had to contact us in these circumstances. I accept she's been the victim of a cruel scam, but I can't reasonably hold Monzo responsible for her loss.

My final decision

For the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 May 2022.

Jay Hadfield
Ombudsman