DRN-3578045

The complaint

Miss N complains that Monzo Bank Ltd ought to have done more to protect her from falling victim to an alleged investment scam.

What happened

The background to this complaint is known to both parties, so I'll only be providing a summary here. Miss N's complaint concerns five transactions totalling £1,865 that she made from her account with Monzo Bank to her own account with 'C' – a legitimate cryptocurrency exchange. These funds were then utilised to purchase cryptocurrency – which Miss N sent onto the wallet details she'd been provided believing she was crediting her trading account. Miss N says she realised she'd likely fallen victim to a scam when she kept being asked to invest more money and couldn't withdraw her funds from the trading platform. She reported this to Monzo Bank and complained it hadn't done enough to protect her.

Monzo Bank said it couldn't agree to refunding the disputed transactions as it had adhered to its internal processes. It also pointed out that the transactions were authorised and made to Miss N's own account with C. It did, however, acknowledge that it could've provided a better service whilst dealing with Miss N's claim. By way of apology, it credited her account with £100.

Miss N referred her complaint to our service. Our Investigator reached the conclusion that Monzo Bank had acted fairly and didn't need to do anything further to resolve this complaint. Miss N wasn't satisfied with the outcome and asked for an Ombudsman to reconsider her complaint.

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'm sorry to disappoint Miss N but I can't fairly and reasonably ask Monzo Bank to refund the disputed transactions. My reasons are as follows:

- There is no dispute that Miss N authorised the transactions in question. Whilst she didn't intend to get scammed, she is initially presumed liable for the loss.

- However banks also have a duty to protect their customers against the risk of fraud and scams so far as is reasonably possible. Amongst other things, this might involve a bank looking to identify and help prevent transactions – particularly those which are unusual or out of character – that could involve fraud or be the result of a scam.

- Naturally, with the benefit of hindsight it's easy to say that Monzo Bank ought to have identified these payments as being fraudulent. But in practice this isn't always possible and can be quite challenging as there are many millions of payments made each day and it would not be realistic or reasonable to expect a bank to stop and check each one. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

- With the above in mind, in the context of Miss N's normal spending and account usage, I'm satisfied here, that it wouldn't be fair to say that the amounts or type of payment (including the merchant the payments were made to) should have appeared sufficiently unusual or suspicious to Monzo Bank such that it ought to have intervened and contacted Miss N about the transactions. I know Miss N disagrees, so I'd like to explain this further.

- The largest of the five payments to C was a faster payment for £1,000. Having looked through Miss N's bank statements for the twelve months leading up to the scam, I can see that she has made payments for similar, and even larger sums. I appreciate these are to other payees – which Miss N says she makes regular payments to. But C is also not a new payee. Miss N has made payments to C before – in April 2020, August 2020 and January 2021. C is also a legitimate merchant so there aren't any red flags that I'd have expected Monzo Bank to have picked up on. I appreciate Miss N was in a difficult place financially and that for her these sums were significant. But Monzo Bank only became aware of her circumstances and financial difficulties in March 2021 (after the payments had debited her account). So taking all this into consideration I don't think I can say that the payments would have appeared as being so remarkable to Monzo Bank that it ought to have reasonably caused it any concern that Miss N may have been at risk of financial harm. And as there wasn't any interaction between Miss N and Monzo Bank at the time the payments were made, it also didn't otherwise unreasonably miss an opportunity to unearth the scam before the payments were made.

- For completeness I've also considered whether there was anything more Monzo Bank could've done to assist Miss N with trying to recover her losses. For the two faster payments, as these were made to Miss N's own account with C (which she was in control of) I wouldn't have expected Monzo Bank to have done more in assisting her in the recovery of those funds. And for the three card payments I don't think Monzo Bank have acted unfairly or unreasonably by reaching the conclusion that Miss N's claims didn't have a reasonable prospect of success under MasterCard's chargeback scheme. The scheme offers limited protection for investment related transactions. But more relevant to Miss N's circumstances, here C had in fact fulfilled the service it was expected to provide.

- And finally, I think the £100 already paid by Monzo Bank is a fair way to compensate for the communication failures and delays caused whilst handling Miss N's claim. So, I won't be asking it to do any more.

I'm truly sorry to hear about the difficulties Miss N has faced and the impact the scam has had on her. I know my outcome will come as a disappointment. But it wouldn't be fair or reasonable of me to ask Monzo Bank to refund losses which I feel were suffered by Miss N because of the scammer's actions – not Monzo Bank's.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss N to accept or reject my decision before 23 August 2022.

Sonal Matharu
Ombudsman