

The complaint

Miss A complains that her bank Monzo Bank Ltd ("Monzo") has refused to refund the money she has lost following her being the victim of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary Miss A saw a post on a friends' social media account explaining how she had benefited from taking advantage of a cryptocurrency investment. Intrigued by the potential returns offered by the investment Miss A contacted her friend via the social media platform and was put in touch with a third party that I will call ("B").

It turned out that this investment was a scam and Miss A's friend's social media account had been hacked by B.

B convinced Miss A to make payments from her account with the promise of substantial investment returns.

After Miss A had made several payments requested by B a payment of £2,500 was stopped by Mastercard. Miss A contacted Monzo via its chat facility and was told the payment had been stopped by Mastercard due to its fraud system. Despite several unusual payments having been made by Miss A by this point Monzo did not ask any further questions about the payments and simply advised her that she could try using a different card or try the payment another time.

Following this online conversation Miss A made further payments of £6,500 requested by B. This brought Miss A's total loss to £9,100.

Our Investigator considered Miss A's complaint and thought it should be upheld. She thought that the activity on Miss A's account was inconsistent with the way the account was generally used, larger payments than normal were being made in succession in the early hours of the day, and Monzo should have done more when Miss A contacted it about the £2,500 payment she was trying to make.

Our Investigator thought that had Monzo done more it could have prevented the transactions that took place after Miss A contacted it. So Monzo should pay back some of the money Miss A lost after she contacted it. Our Investigator recognised that Miss A could also have done more to prevent her loss so said it would be reasonable for Monzo to deduct 25% from this amount.

Miss A agreed with the outcome suggested by our Investigator. Monzo didn't agree so this complaint has now been passed to me to decide.

What I've decided – and why

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The circumstances of this complaint are not in dispute and the evidence provided by both Miss A and Monzo set out what happened well. What is in dispute is whether Monzo should refund any of the money Miss A has lost because of this scam.

I have looked at Miss A's bank statements and can see that prior to this event she made relatively low payments from her account, usually below £100. I am also unable to see any previous payments to the recipients she sent the larger payments to at the time of the scam.

Miss A had made several payments that were larger than usual and inconsistent with her usual spending habits by the time she contacted Monzo as a payment had been stopped by Mastercard's fraud detection measures. The payments Miss A was making were also made in the early hours of the day between 2-6am.

Considering this irregular activity and the fraud detection by Mastercard - which for the avoidance of doubt I also think should have been triggered by Monzo - I think Monzo should have checked Miss A's account and asked further questions around the payments she was making. By this point I think Monzo was aware of a potential problem. I think if Monzo had done this it could have discouraged Miss A from making any further payments to B and saved her any further loss. Especially if she was asked to explain the circumstances leading to the payments.

Miss A was not a regular investor in crypto so I would not expect her to know how these types of investments usually work, or to spot any potential fraud. However, I do accept Miss A could have done more research herself before sending funds to B.

As Monzo failed to step in at a reasonable time to prevent Miss A incurring further losses it should refund her. However, I think it's fair for Monzo to make a deduction from this payment as Miss A is also partly responsible for her loss.

Monzo has explained that it feels a deduction of greater than 25% from the refund should be considered. But as I've said above Miss A was not familiar with investment processes and Monzo failed to step in at an appropriate time when it had the opportunity to do so. So, I don't think any further deduction from this payment would be fair.

Putting things right

Following Miss A contacting Monzo about a failed payment she lost a further £6,500 to the scam.

Monzo Bank Ltd should refund Miss A the £6,500 she lost due to Monzo Bank Ltd not intervening when it could have. Monzo Bank Ltd can make a 25% deduction from this figure to reflect Miss A's failure to carry out reasonable checks before making payments from her account.

Monzo Bank Ltd should add 8% simple interest per year to the amount it pays Miss A from the time Miss A made the payments to the time Monzo Bank Ltd provides the refund (less any lawfully deductible tax).

My final decision

I uphold this complaint and require Monzo Bank Ltd to refund Miss A as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 7 February 2023.

Terry Woodham
Ombudsman