DRN-3614110

The complaint

Ms P complains that Monzo Bank Ltd (Monzo) won't refund payments she made after falling victim to a scam.

What happened

In May 2021, Ms P says she was contacted via a messaging app by someone she didn't know – who I'll refer to as G. G had a profile page which Ms P says had lots of people thanking G for help with trading. Ms P saw a post that G made, which said people shouldn't miss out on the investment opportunity presented by trading, and in response Ms P contacted G.

Ms P says G told her she did forex trading and could help Ms P make same day returns and profits.

Ms P made her first payment of £250 from an account held with another bank. In summary, between May 2021 and September 2021 Ms P made over 42 payments as part of the scam using multiple different bank accounts at different providers.

All of the payments made out of Ms P's Monzo account were made in US dollars via a money transfer service to an international bank account.

Below is a list of the payments Ms P made from her Monzo account – in bold. I've also included payments that were made into Ms P's account as part of the scam.

Date	**Time**	**Transaction details**	**Amount**
25.5.2021		Credit to account from S	£400.00 cr
26.5.2021		**Payment to M**	**£500.00**
30.5.2021		**Payment to M**	**£700.00**
4.6.2021		Credit to account from F	£70.00 cr
5.6.2021		Credit to account from F	£313.00 cr
5.6.2021		**Payment to M**	**£480.00**
5.6.2021		Credit to account from F	£180.00 cr
5.6.2021		**Payment to M**	**£230.00**
6.6.2021		Credit to account from K	£180.00 cr
7.6.2021		Credit to account from J	£120.00 cr
7.6.2021		**Payment to M**	**£350.00**
8.6.2021		Paypal credit	£285.00 cr
8.6.2021		**Payment to M - recovered**	**£285.00**
8.6.2021		Credit to account from W	£350.00 cr
8.6.2021		Credit to account from N	£150.00 cr
8.6.2021		**Payment to M - recovered**	**£500.00**
8.6.2021		Credit to account from N	£370.00 cr
8.6.2021		Credit to account from N	£370.00 cr
8.6.2021		**Payment to money transfer service**	**£504.90**
8.6.2021		**Payment to M - recovered**	**£240.00**

9.6.2021		Recovered funds returned to account	£500.00 cr
9.6.2021		Recovered funds returned to account	£240.00 cr
9.6.2021		Recovered funds returned to account	£285.00 cr
9.6.2021		**Payment to money transfer service**	**£503.19**
		Total payments made to scammer	£4,293.09
		Total funds recovered and credited to account	£1,025.00 -
		Total credits paid into account from other victims	£2,788.00 -
		Outstanding balance of loss to scam	£ 480.09

What Ms P says happened:

- She was told that for a £250 investment she would get a £8,500 return – and could get a return as high as £25,000.

- Ms P was told that through a company (who I'll refer to as C), she would be investing in Forex, and that C would place trades on her behalf. G would earn money by taking 30% commission from Ms P's returns.

- After making her payment of £250, she received an email saying she was a bonus winner and could get £25,000 - but had to pay service fees.

- Ms P looked up C online and saw their website. However, she received no paperwork and didn't have access to any sort of portal so couldn't track her investment after making payments.

- She says she was told stories about delays affecting her ability to get her returns as promised.

- She was told to lie to the bank when asked questions about the payments made on her account. However, Ms P felt uncomfortable lying and ultimately told them the truth.

- Ms P continued making payments until September 2021 when one of her cards with a different bank was blocked by the bank. At which point Ms P became aware she was the victim of a scam and reported it.

Monzo investigated Ms P's fraud claim but declined to refund her.

Monzo aren't a signatory of the Lending Standards Board Contingent Reimbursement Model Code (the CRM Code) which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances, but it has agreed to apply its principles. Monzo told Ms P that, as the funds were international transfers, Ms P wasn't entitled to a refund under the CRM Code. Monzo did offer Ms P £25, saying they had given her an incorrect reason for not being able to reimburse her when she first contacted them.

Ms P wasn't happy with Monzo's response, so she brought a complaint to our service.

An investigator looked into Ms P's complaint and didn't uphold it. In summary, they didn't think the payments were unusual or out of character, so couldn't see that Monzo should've prevented the payments. They felt Monzo should've done more to try and recover the funds but didn't think that it was likely any further funds could've been recovered.

Ms P disagreed, so the case was passed to me to review.

My provisional findings

On 4 July 2022, I issued a provisional decision as I needed to address points that weren't covered by the investigator. I asked for both parties to provide any more comments or evidence they wanted to be considered before issuing my final decision.

In my provisional decision I said:

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take in account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time. Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

In this case, as the payments were international transfers, they aren't covered by the Contingent Reimbursement Model (the CRM Code).

Should Monzo have prevented Ms P from making the payments?

There is an obligation on Monzo to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears unusual and out of character. In situations where potential fraud is identified, I would expect Monzo to intervene and attempt to prevent losses for the customer.

In this case, considering the size of the payments, the frequency of the payments and Ms P's previous account use I'm not persuaded that the payments made as part of the scam are so unusual or out of character that I would've expected them to flag with Monzo. On that basis, I wouldn't have expected Monzo to intervene prior to processing the payments.

I say this because the first payment was only for £500, and while I appreciate this is a lot of money for Ms P, it's not significantly larger than previous genuine payments or transfers. Ms P regularly transferred £100 to £130 out of her account monthly, as well as making some individual payments of between £100 to £200. Also, there are gaps between most of the scam payments of several days. There were four payments made on 8 June 2021, but three of these went to one payee (an existing payee used previously) and altogether the payments totalled just over £1,500. Overall, I'm not satisfied that there was enough about these payments that Monzo should've been concerned Ms P might've been at risk of financial harm.

Also, there has to be a balance struck between Monzo identifying payments that may indicate a customer is potentially at risk of financial harm and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments. Overall, I'm not satisfied that Monzo should've intervened or prevented these payments from being made.

It's also worth noting that while Ms P made payments of just over £4,000 from her Monzo account, just over £1,000 was returned to Ms P's account. Also, Ms P was in receipt of just under £2,800 of funds from other victims of the scam, which she used in sending payments *to the scammer. Ms P wouldn’t be entitled to a refund whereby the payment was funded by someone else’s money, particularly when it was from other victims of the scam.*

It’s not clear that Monzo contacted the beneficiary bank at their earliest opportunity to try and recover Ms P’s funds once she’d made them aware of the scam. But I’m not satisfied that even if they had it would’ve resulted in them recovering any more money for Ms P. Her last payment made to the scam from her Monzo account was in June 2021, but she didn’t report the scam until September 2021 – nearly three months later. Usually funds are removed from the beneficiary account as quickly as possible after receipt, as the scam could be uncovered at any time. So, I’m not persuaded that prompter action by Monzo would’ve made a difference in this case.

Monzo has paid Ms P £25, saying they gave an incorrect explanation for why they couldn’t refund her when she initially reported the scam. Considering everything, I think this payment is fair and I won’t be asking Monzo to pay anything further.

Having considered everything very carefully I’m not persuaded that I can fairly ask Monzo to refund Ms P in the circumstances.

Responses to the provisional decision

Monzo responded saying they accepted the provisional decision. Ms P didn’t respond, despite us contacting her on 11 July 2022 to check she’d received the provisional decision and asking for her response before the deadline of 25 July 2022.

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.

As I haven’t been given any new information or evidence, I see no reason to depart from the outcome I reached in my provisional decision. On that basis, I’m not persuaded I can fairly ask Monzo to refund Ms P.

My final decision

My final decision is that I don’t uphold this complaint against Monzo Bank Ltd.

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

Lisa Lowe
Ombudsman