

The complaint

Mrs S complains that Monzo Bank PLC (“Monzo”) have unfairly declined to refund over £10,000 she lost as part of an investment scam.

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

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 agree with the conclusions reached by the investigator for the following reasons:

- It isn’t in dispute that Mrs S authorised the disputed payments she made to Jubiter.com and Koinal using her Monzo debit card (where her funds were subsequently transferred on to the scammers from her crypto wallets). The payments were requested by her using her legitimate security credentials provided by Monzo, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.
- However, I’ve considered whether Monzo should have done more to prevent Mrs S from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- Having reviewed the first four payments made by Mrs S, I don’t think these were enough in themselves to have warranted an intervention by Monzo, as they were not large in amount (they were all under £1,000). The first two payments had also been made on separate days. However, by the time she came to make the fifth payment of £859.44 on 22 June 2020, it then became the third such payment being made to the same payee in quick succession on the same day. I appreciate there was little by way of account activity to compare this sort of activity to. But Monzo ought reasonably to have been aware at the time that successive payments being made to the same payee can often be indicative of fraudulent activity, so I think the bank ought to have intervened in the third payment of £859.44 Mrs S made on 22 June 2020.
- However, even if Monzo *had* intervened at this point and asked further questions about the nature of the payments Mrs S was making, I’m not persuaded it would have likely stopped her from proceeding or have ultimately prevented the loss.
- Mrs S has said herself that she made the purchase through a reputable and well-established platform (i.e. Jubiter and Koinal) and had no reason to suspect the merchant was fraudulent at the time. She said she had been looking to invest in Bitcoin, and found the broker 4EX7 online, who she said were extremely

professional. She said they sent her a contract with terms and conditions, which reassured her that it was all legitimate, and that she was reassured at each stage of the process by the broker.

- I appreciate that an FCA warning has since been issued about 4EX7. But this had not been published until 28 August 2020, which was *after* the point I think Monzo ought to have intervened on 22 June 2020. There was very little information available about the broker online at this point, and there doesn't appear to have been any other warnings published by regulators in other jurisdictions; the first warning to appear about the merchant was that published by the FCA in August 2020. So, as well as believing the merchant was genuine for the reasons set out above, Mrs S also wouldn't have found any warnings about the broker if the bank had warned her and advised that she carry out further checks.
- So, even if Monzo had intervened and provided Mrs S with a scam warning, I'm not persuaded that any further checks she could have carried out online would have revealed that she was likely being scammed. Mrs S thought the brokers were professional and had been reassured by what they had told her. She also hadn't been contacted out of the blue by the broker (which is a common sign of an investment scam) and had sought them out herself. So, there wouldn't have been anything significant to alert her to the fact that she was being scammed at the time. Therefore, I don't think Monzo's failure to intervene can reasonably be considered as the *proximate* cause of Mrs S's loss in these circumstances, as it seems likely she would have proceeded to make the transactions irrespective of any intervention by the bank.
- I appreciate that Mrs S made one payment in October 2020 after the FCA warning about 4EX7 had been published. But she was not paying the broker directly; she was paying a legitimate cryptocurrency platform, who by this time had been established as a regular payee on Mrs S's account. So, I wouldn't have expected Monzo to have intervened in any of the later payments Mrs S made as a result.
- I've also thought about whether Monzo could have done more to recover the funds after Mrs S reported the fraud, as in some circumstances the money can be recovered via the bank raising a chargeback dispute. However, as I've previously mentioned, Mrs S used her debit card to pay legitimate crypto-exchange platforms before the funds were subsequently transferred on to the scammer. So, she wouldn't be able to make a successful chargeback claim in these circumstances because the companies she paid had provided the services as intended (i.e. the purchase of cryptocurrency). Therefore, I do not think Monzo were under any obligation to raise a chargeback for Mrs S either.

I appreciate this will likely come as a disappointment to Mrs S, and I'm sorry to hear she has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be fair and reasonable to hold Monzo liable for her loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 27 September 2022.

Jack Ferris

Ombudsman