

The complaint

Ms A complains that Monzo Bank Ltd (“Monzo”) didn’t do enough to protect her when she fell victim to a scam and hasn’t reimbursed her the funds she lost.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll 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 considered all the available evidence and arguments, I agree with the conclusions reached by the investigator for the following reasons:

- It’s not in dispute that the funds were ultimately lost to a scam. It’s also not in dispute that Ms A authorised the disputed payments made using her debit card. So, the starting position – in line with the Payment Services Regulations 2017 – is that she’s liable for these payments.
- But there are some situations where we believe that banks – taking into account relevant law, regulations and good industry practice – ought to have identified a fraud risk, so should have looked at the wider circumstances surrounding the transaction before processing a payment. If Monzo failed to do so, and that failure led to a fraudulent loss it ought reasonably to have prevented, it might be fair to hold it liable.
- I’ve considered whether Monzo ought to have made additional checks on the disputed payments before processing them. And I note that it did get in contact with Ms A – Monzo put a block on the account and questioned two payments that were attempted to a legitimate cryptocurrency provider. After Ms A said the payments were to purchase BitCoin, Monzo unblocked the account without further questions. It’s unclear why these payments were stopped but I’m not satisfied the intervention here was sufficient. Having flagged with Monzo to the extent it needed to ask her about the payments, I would have expected it to have appropriately questioned these beyond asking what they were for, especially when given the response that they were for the purchase of cryptocurrency.
- But, while Monzo’s intervention wasn’t sufficient, I do have to consider whether an appropriate intervention would have likely made a difference. It wouldn’t be fair to hold Monzo liable for Ms A’s losses if I don’t think it would have stopped Ms A from going ahead with the payments anyway.
- Having thought carefully about this, I’m not persuaded that appropriate intervention by Monzo would have stopped Ms A from making payments towards the scam. I say

this because Ms A reached out to “a good friend” on social media wanting to invest, not realising that her friend’s account had been hacked. Ms A, via her representative, said she “*did not know anything about cryptocurrency or cryptocurrency mining but trusted her friend*”. And she was confident about the ‘investment’ she was making as “*My friend told me they were genuine. And showed me they were.*” So, given that Ms A thought she was investing with the support of a trusted friend, and considering all the circumstances of this case, I’m not persuaded that an intervention by Monzo would have stopped her from making the payments.

- I’ve thought about whether Monzo acted fairly in trying to recover the funds as, in some circumstances, money spent on a debit card can be recovered through a chargeback. However, Ms A used her debit card to pay a legitimate cryptocurrency exchange provider before the funds were subsequently sent on to the scammer. So, it’s unlikely a chargeback would have been successful as the service – i.e. the purchase of cryptocurrency – looks to have been provided by the merchant. As a result, I don’t think Monzo could reasonably have done more to recover the funds.

While I’m sorry that Ms A has been the victim of a cruel scam, I don’t uphold this complaint. To summarise, while I accept Monzo ought to have done more by way of an intervention, I don’t think it ultimately would have made a difference to Ms A’s decision to make payments to the scammer. So, I don’t hold Monzo responsible for Ms A’s losses.

My final decision

For the reasons given above, I don’t uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms A to accept or reject my decision before 22 May 2023.

Melanie Roberts
Ombudsman