

The complaint and what happened

Mr A complains Monzo Bank Ltd won't reimburse over £14,000 he lost when he fell victim to a scam.

Our investigator upheld the complaint. She was satisfied Monzo ought to have intervened on the fifth payment towards the scam, as it was unusual and uncharacteristic for the account. She asked it to reimburse losses from that point. However, she also found that Mr A was partly responsible for his losses, particularly as he taken out a loan to fund the investment but hadn't been honest about its purpose, so she reduced compensation by 50%.

Mr A agreed the outcome, but Monzo didn't. It said Mr A didn't have any chargeback rights and it doesn't think it was the point of loss, as funds had been transferred to Mr A's own wallets.

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.

Although I have only summarised the background above, I have read and considered what's been provided. Having done so, and recognising this is a finely balanced case, I broadly agree with the investigator's conclusions for the following reasons:

- Mr A authorised the transactions. Whilst he didn't intend for his money to go to scammers, he is initially presumed liable for the loss. There also doesn't appear to be any dispute he has been scammed, there were scam warnings about the businesses he was investing through in the months following these transactions.
- Monzo is correct that there are no chargeback rights for the situation in which Mr A found himself, and so I don't think it was unfair or unreasonable when not attempting a chargeback.
- Monzo is aware of our approach of expecting it to have been monitoring accounts to counter various risks, have systems in place to identify unusual transactions or other indicators that its customers were at risk of fraud; and in some situations, make additional checks before processing payments or declined them altogether to protect customers from possible financial harm from fraud or scams. And payments going to a customer's own wallet – if Monzo actually knew that at the time – doesn't mean a customer isn't at risk of financial harm. The regulator and Action Fraud have been reporting on this type of scam since mid-2018, intelligence I'd expect Monzo to take account of when carrying out transactions.
- I have looked at the operation of Mr A's account, recognising it was only opened a short time before the transactions in question. That means identifying Mr A's usual spending patterns would have been difficult. I can see that he predominately used the account for investment trading and buying crypto assets from various different providers, which aren't subject to this complaint. And it's this which makes the case finely balanced. However, the amount Mr A was paying to crypto assets increased in a very short space of time, often an indicator of a scam. I therefore agree with the investigator that Monzo's systems ought to have triggered when making the first

payment for £5,000. Indeed, it appears Monzo was concerned as Mr A was provided with a screen at this juncture asking him what the payment was for and was shown a warning about investment scams. But the warning was very general in nature and pointed to issues not apparent in this scam. And there was no mention of crypto assets at all. So I don't think it went far enough as an intervention or a scam warning, in these particular circumstances.

- Had Monzo gone further and asked Mr A about the payments, I have no reason to doubt he would have explained what he was doing. In saying that, I'm aware he wasn't honest when taking out the loan, but I'm mindful that investment won't have been an option offered for lending (and I'll be taking that into account below). Monzo could have drawn on its knowledge about the high-risk associated with crypto assets, the potential for fraud and provided a scam warning, particularly as being contacted out of the blue and downloading screen sharing software are hallmarks of a scam. Had it done so more meaningfully, I'm satisfied Mr A would have looked into the opportunity further, and likely would have come across the negative/scam reviews about the merchants. I'm therefore satisfied a more relevant and meaningful warning from Monzo would likely have exposed the scam and caused him to stop investing, thereby preventing further loss of £11,030.
- I agree Mr A is also responsible for his loss. It doesn't appear he carried out much due diligence, if any, before deciding to invest, even when investing higher amounts. It's reasonable for independent research to be carried out to be satisfied an investment opportunity is genuine. And when taking out the loan he wasn't honest, or at the very least, didn't pause or question when finding investment wasn't a lending purpose. I agree a reduction of 50% is reasonable as I'm satisfied both parties are responsible for the loss.

My final decision

My final decision is that I uphold Mr A's complaint. I require Monzo Bank Ltd to reimburse Mr A £5,515, representing 50% of his losses from the fifth disputed payment. I also require it to add 8% simple interest per year to that sum from the date of the payments to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 October 2022.

Claire Hopkins
Ombudsman