

The complaint and what happened

Miss C complains that Monzo Bank Ltd won't fully reimburse her loss of £14,546.21 when she fell victim to a bank impersonation scam. Miss C made four card payments (£8,500) and three faster payments to the scammer (£6,046.21).

Monzo recovered £6,044.20 from the beneficiary bank in relation to the faster payments but declined to make any further reimbursement. Our investigator upheld the complaint as she was satisfied Monzo ought to have intervened in the third card transaction. It was the third transaction in a matter of minutes to a crypto exchange which she found was unusual. She recommended Monzo reimburse £5,500 of the card transactions and £2.01 remaining from the faster payments and add 8% simple interest on those sums.

Monzo said the third payment didn't flag as suspicious as multiple payments to crypto exchanges aren't unusual or indicative of foul play, and is a pattern it sees with genuine transactions. It also said as Miss C completed the steps necessary to make the payments, it isn't liable for them under the Payment Services Regulations.

The matter has been referred to me for review and determination. Miss C also made us aware that she hadn't been paid the recovered sum. Monzo has since provided evidence to show this has now been deposited into her account.

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 key points and arguments above, I would like to reassure the parties that I have read and considered what's been provided. Having done so I agree with the investigator for the following reasons:

- I'm satisfied Miss C authorised the transactions, even if she was tricked into believing she was speaking with Monzo and believed her account had been compromised. Whilst she didn't intend for her money to go to scammers, and she was told authorising the transactions would trick the 'supposed fraudster', as they were authorised, she is initially presumed liable for the loss.
- Monzo ought to be 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.
- Miss C authorised the first transaction to a crypto exchange for £2,500 at 13.11, a second transaction at 13.13 for £500 and a third at 13.15 for £1,000. I accept there can be legitimate, multiple transactions in one day. But Monzo hasn't shown this is typical account behaviour for Miss C. These payments were made within minutes of each other. Like the investigator, I question if someone was intending to legitimately invest or buy cryptocurrency of £3,500, why it would be necessary or even desirable to do so in such a fashion, rather than in one go.

- Such a pattern is something we often see in scams - payments in quick succession and of differing amounts, to see what withdrawals will be allowed through. I therefore agree with the investigator that Monzo's security alert systems ought to have triggered at the point of the third payment and it paused pending further intervention, such as making enquiries or providing a scam warning.
- I understand Monzo's systems did ask for the purpose of some of the payments. But it appears this was only in relation to the faster payments not the card payments. And so I'm not aware of any warning being provided at the time of the third card payment being made.
- Had Monzo carried out its due diligence and duties and asked Miss C about the payments, I have no reason to doubt she would have explained what she was doing. It could then have told her that it hadn't contacted her or sent her any texts asking her to confirm payments or contact its fraud department. I'm satisfied this would have stopped her in tracks, and she would have realised she hadn't been really speaking with her bank. I'm satisfied this would have prevented further losses of £11,546.21.
- Monzo was able to recover £6,044.20 from a beneficiary bank, leaving a loss of £5,502.01 which I'm satisfied the bank should and could have prevented.

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Ltd to reimburse Miss C:

- £5,502.01 representing the losses I have found it should have prevented, and
- It should add 8% simple interest per annum from the date of the payments, until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 January 2023.

Claire Hopkins
Ombudsman