

The complaint

Mr A complains that Monzo Bank Ltd won't refund the money he lost when he was the victim of a scam.

What happened

Mr A received a phone call from someone claiming to be from an investment company. The caller showed Mr A the company's website and discussed possible investments with him. And a number of payments were then made from Mr A's account with Monzo, to invest with the company. Unfortunately, we now know the investment company was a scam.

Mr A said he was given log-in details to an online platform where he could check the progress of his investments. And, as he appeared to be making a significant profit, he contacted the investment company to withdraw his profits. But the investment company told him he needed to pay insurance and taxes on his profits before he could withdraw them, which made him suspicious. So he looked the investment company up online and saw there were warnings about them being a scam. Mr A then reported the payments to Monzo and asked it to refund the money he had lost.

Monzo investigated but said it thought Mr A had authorised the payments, so it didn't agree to refund them. Mr A wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought it was likely Mr A had authorised the payments, as they were made using his mobile device. And they didn't think any of the payments were unusual or out of character for Mr A, so they didn't think Monzo ought to have done more before allowing them to go through. Mr A disagreed with our investigator, so the complaint has been passed to me.

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.

Did Mr A authorise the payments?

Generally a business can hold a consumer liable for disputed transactions on their account if the evidence suggests it's more likely than not that they made them themselves or told someone else they could make them.

Mr A has said he didn't make the payments that were made out of his Monzo account, and that they were done by the scammers when they took remote control of his mobile phone. But, from what I understand, the app he's said the scammers used to control his phone can't be used to control his model of phone – only to view what is shown on the screen.

Monzo has sent us technical evidence showing how the payments were made. And from this, I'm satisfied all the payments Mr A has disputed were made using his genuine mobile

device – that was also used to make payments both before and after these payments, that Mr A hasn't disputed.

Mr A hasn't suggested any other way that the scammers were able to access his phone, or make the payments without his consent. So, as the payments were made with his phone and there doesn't appear to have been any way for the scammers to control his phone remotely, I think it's likely Mr A was at least aware of the payments and consented to them being made.

I recognise he didn't intend for the money to go to scammers, but the starting position is therefore that he is liable for the payments and Monzo doesn't have to refund them.

Should Monzo have done more to protect Mr A?

Where a customer made a payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I think Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

So I've also considered whether Monzo should have identified that Mr A was potentially at risk of fraud as a result of any of the payments he made.

But I don't think any of the payments out of Mr A's account were for particularly large amounts. Having looked at the statements for his account, I don't think the payments were for particularly unusual amounts in comparison to the usual activity on his account, or that they left the balance of his account at a particularly unusual position. And I don't think the payments formed a particularly suspicious pattern that Monzo ought to have identified either. So I think it's reasonable that Monzo didn't identify that Mr A was potentially at risk of fraud as a result of these payments and didn't ask any further questions before allowing them to go through.

I sympathise with the position Mr A has found himself in. He has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to him. But, for the reasons set out above, I don't think Monzo has acted unreasonably and so I don't think it would be fair to require it to refund the money Mr A lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 January 2023.

Alan Millward

Ombudsman