

## **The complaint**

Miss H is unhappy Monzo Bank Ltd won't refund her after she fell victim to a scam.

## **What happened**

Miss H was tricked into making two card payments, totalling £1,600, to buy gift cards. Miss H told us that in April 2022 she began work with a new employer. On her first day of working from home she was contacted by someone she believed to be her boss asking her to purchase some gift cards. He explained that he would reimburse her when he was out of his meetings. But unknown to Miss H at the time, the messages were from a scammer impersonating her boss.

On 27 April 2022, Miss H visited a well-known supermarket and purchased £800 worth of gift cards using her Monzo debit card. After Miss H had purchased the vouchers, she was asked to scratch the back of the cards and provide the scammer with the unique voucher codes. She was also asked to provide copies of her receipts, so she could be reimbursed.

After Miss H had passed over the unique voucher codes, the scammer asked her to go back and buy more gift cards. Still thinking she was communicating with her boss, Miss H explained she didn't have any funds with which to purchase any more gift cards. But eventually she was persuaded by the scammer to borrow money from her partner, and so proceeded with a second purchase for £800. Miss H was again asked to provide the unique reference numbers to the scammers. Miss H was tricked into making a third purchase – but using her other bank account – so this transaction is not subject of this complaint. Miss H later realised this was a scam when she got a call from a colleague at work.

Our investigator did not uphold the complaint. She felt that the transactions weren't unusual or large enough to have triggered Monzo's fraud detection systems. She also felt that Monzo didn't have to raise a chargeback in this situation as Miss H received the goods she paid for. She also didn't feel that Monzo had failed in its service to Miss H.

Miss H did not agree. She considers two £800 transactions within the same hour unusual. Other than the two recent transactions for £500, she had never made a transaction of more than £100 - £200 in a day. She feels Monzo should have done more to question the payments. Miss H explained that £1,600 is a very large sum of money to her personally. In terms of Monzo's customer service – she couldn't get through to anyone to speak to – only in writing through their 'chat' service.

As the complaint could not be resolved informally, it's been passed to me for a 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulatory rules, guidance and standards;

codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I'm sorry to hear of what's happened to Miss H, and I can understand entirely why she feels so strongly that her money should be returned to her. But having thought very carefully about Monzo's actions, I don't think it did act unfairly or unreasonably in allowing the transactions to be made from Miss H's account. So, having considered everything, I'm not going to uphold Miss H's complaint.

I do appreciate how disappointing this will be for Miss H, but I don't think I can fairly say that Monzo should reimburse her with the money she unfortunately lost to the fraudsters. I'll explain why.

Monzo can only hold Miss H liable for the payments if the evidence suggests it's more likely than not that she made or authorised them herself. Here, it is not in dispute Miss H authorised the payments, indeed she says herself she did. So even though Miss H was tricked, I can't fairly say she didn't authorise the transactions.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

But banks, such as Monzo, have obligations to be alert to instances of fraud. This means that there may be circumstances where a firm should fairly and reasonably take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm. So, in this case, I need to decide whether Monzo ought to have identified Miss H might have been at risk of financial harm when she purchased the gift cards and whether it should have done more than it did.

I've first thought about whether the payments Miss H made were out of character and unusual. Having reviewed Miss H's statements for the six months leading up to the scam, I don't think the payments were so unusual or suspicious in comparison to Miss H's normal account activity that it ought to have alerted Monzo that Miss H may have been at risk of financial harm. While £800 (and £1,600 in one day) was the largest payment Miss H had made, there are transactions over £100 and some over £500. There's a balance to be struck between identifying payments that could potentially be fraudulent and ensuring minimal disruption to legitimate payments – bearing in mind one-off needs sometimes arise. It was a payment to a well-known supermarket and Miss H had made payments to it before. It seems to me that there was no reason why the payment wouldn't have seemed genuine and I don't consider the bank missed a clear opportunity to identify a potential scam risk.

So, I don't think Monzo acted unreasonably in not making enquiries about the transactions before processing them.

I am sorry that Miss H has been tricked into making payments, and I appreciate this is a lot of money for her to have lost. I also understand the whole experience was very frustrating and upsetting for her. But in the circumstances, it wouldn't be fair or reasonable for me to order Monzo to refund Miss H the money she has lost.

For completeness, I will add that banks don't have to raise chargebacks if it looks clear that the cardholder would lose. Here, I'm satisfied that's the case because Miss H received the service she paid for – albeit she was tricked into doing so. So, I'm not persuaded that Monzo has done anything wrong in this respect. I appreciate she may have got a refund from her

other bank but that doesn't mean that should automatically happen here.

Whilst things took longer to sort out than Miss H would have liked, I don't agree that this automatically means that someone must have been at fault. I can see Monzo responded shortly after she first contacted it at 12:43 on 27 April 2022 and within an hour Monzo had referred the matter on to its fraud team. At 13:41, Monzo explained they would be in touch within 24 hours. They also explained at this time that they weren't in position to guarantee she would get her money back - as the fraud team would need to investigate.

The fraud team were in touch with Miss H later in the afternoon of 27 April 2022 to gather more information and, again, later that day to respond to Miss H's messages and apologise they hadn't been able to resolve matters yet. This was still within the 24-hour time frame. Miss H chased the matter with Monzo again the following morning. A final answer was given by the fraud team at 10:53 on 28 April 2022 – all within the 24-hour time frame originally given by Monzo.

It is clear and understandable Miss H was not happy with the outcome and, in response to her messages, at 12:17 on 28 April 2022 Monzo explained it would raise the matter with its Advocacy team. Monzo's message did suggest the team would call Miss H and I can see Miss H responded saying she would like to be called quickly. In response to her at 12:22 on 28 April 2022, Monzo explained a timeline of four days had already be outlined. The Advocacy team was in touch within the four working days; although I appreciate this was via the chat and not a call.

Miss H has strong feelings about this matter. I can understand that - she was out of pocket and wanted her money back as soon as possible. Whilst I acknowledge Miss H's frustration with the unenviable situation, she found herself in through no fault of her own, it's clear that Miss H was annoyed by how the bank's systems and procedures are set up. I cannot require it to change those systems and procedures - so I cannot say it has done something wrong by not calling her. It did respond to her within the timeframes it set – which weren't unreasonable in my view. Ultimately, I am unable to require Monzo to pay compensation for the distress and inconvenience caused to her in situations where the bank has not done anything wrong and did not treat her unfairly.

### **My final decision**

For the reasons above, my final decision is I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 February 2023.

Kathryn Milne  
**Ombudsman**