

The complaint

Miss A has complained that Monzo Bank Ltd (Monzo) has refused to refund her the money she lost falling victim to a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Miss A was convinced by a social media account she thought belonged to a friend to make payments into an investment with a coach that she thought was legitimate. Miss A's friend's account showed she had received a big pay out.

The coach promised Miss A a large pay out and walked her through how to buy bitcoin and transfer it into the investment. When Miss A wanted to withdraw from the investment, she was given several reasons why she needed to make further payments first, which she did.

It later turned out that Miss A's friend's account had been hacked and she had been scammed.

Miss A made the following payments in relation to the scam via a legitimate cryptocurrency exchange:

Date	Payee	Amount	Payment Method
3 September 2022	Moonpay	£259.99	Transfer
3 September 2022	Moonpay	£1,500.00	Transfer
3 September 2022	Moonpay	£600.00	Transfer
4 September 2022	Moonpay	£1,561.84	Transfer
4 September 2022	Moonpay	£300.00	Transfer
4 September 2022	Moonpay	£2,100.00	Transfer
4 September 2022	Moonpay	£2,000.00	Transfer
4 September 2022	Moonpay	£405.00	Transfer
4 September 2022	Moonpay	£500.00	Transfer

Miss A has been unable to recover any of the payments she made.

Our Investigator considered Miss A's complaint and thought it should be upheld. He also thought Miss A should share some of the responsibility for her loss.

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.

It has not been disputed that Miss A has fallen victim to a cruel scam. The evidence provided by both Miss A and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Miss A lost due to the scam.

Recovering the payments Miss A made

Miss A made the payments into the scam via transfer. When payments are made in this way Monzo has limited options available to recover the payments and in the circumstances, I'm satisfied Monzo was unable to recover the payments Miss A paid.

Should Monzo have prevented the payments Miss A made?

Miss A has accepted she authorised the payments she made from her Monzo account, so the starting point here is that Miss A is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have stepped in when Miss A was attempting to make the payments, and if it had, would it have been able to prevent the scam taking place.

The first three payments Miss A made into the scam were for relatively low amounts. Although they were to a new payee it wouldn't be reasonable for me to say that Monzo should stop payments every time one of its customers pays someone new.

However, by the time Miss A attempted to make the fourth payment for £1,561.84 she was making a payment to a new payee for the fourth time in less than five hours. Consecutive payments of these amounts were not in line with how Miss A usually operated her account and I think it would have been reasonable that this fourth payment triggered Monzo's fraud prevention systems, prompting it to step in and question Miss A about what the payments were for.

Had Monzo stepped in and asked Miss A what the payments were for I have no reason to believe Miss A would have been dishonest in her answers. As the circumstances of this scam are like what Monzo is likely to have seen before I think it's likely Monzo would have uncovered the scam and Miss A would not have made any further payments. So, Monzo is responsible for Miss A's loss from the fourth payment onwards.

Did Miss A contribute to her loss?

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

Miss A appeared to have concerns about the investment part way through but continued to make payments. She was also promised too good to be true returns on her investment which I think should have raised a red flag for her.

With the above in mind, I think it would be fair to reduce compensation by 25% on the basis that Miss A should share some blame for what happened.

Monzo has explained that its system is not designed in a way to have caught the payments Miss A was making and that it's common for Monzo customers to use their accounts in the way Miss A used her account to make the payments she did.

However, I have covered the reasons why I think Monzo's fraud prevention systems should have been triggered and these points don't change my decision.

Putting things right

Monzo Bank Ltd should refund payments Miss A made into the scam from 4 September 2022 less 25%.

Monzo Bank Ltd should add 8% simple interest per year to the amount it pays Miss A from the time Miss A made the payments to the time Monzo Bank Ltd provides the refund (less any lawfully deductible tax).

My final decision

I uphold this complaint and require Monzo Bank Ltd to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 31 August 2023.

Terry Woodham
Ombudsman