

The complaint

Ms K complains that her bank Monzo Bank Ltd (“Monzo”) has refused to refund the money she has lost following her 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 Ms K was contacted via telephone by someone impersonating a Monzo representative. I will call this person “A”. A held personal information about Ms K and her card details. A explained that a third-party was attempting to make fraudulent transactions on Ms K’s account and to prevent this her funds needed to be moved to a safe account. A told Ms K to authorise transactions so that her money could be moved and kept safe which she did.

It turned out A was scamming Ms K and rather than her funds being sent to a safe account at Monzo they were sent to a cryptocurrency platform (crypto.com) where they were then lost to the scam.

Ms K says A had a lot of her personal information and the number A called her on was similar to that on the back of her debit card, A also didn’t ask for her card details, so she felt comfortable that the call was from Monzo.

Ms K made the following 8 payments following instructions from A:

1. 9 October 2021 - £2,000
2. 9 October 2021 - £2,000
3. 9 October 2021 - £2,000
4. 9 October 2021 - £2,000
5. 9 October 2021 - £1,000
6. 9 October 2021 - £500
7. 9 October 2021 - £400
8. 9 October 2021 - £70

A total of £9,770 was lost to the scam.

Our Investigator considered Ms K’s complaint and thought it should be upheld. He thought that consecutive large payments being made from Ms K’s account over a very short period was inconsistent with the way Ms K previously used her account, and that Monzo should have noticed this and stepped in.

Our Investigator thought that after two payments of £2,000 had left Ms K’s account within minutes of each other subsequent payments to the same place should have been queried by Monzo. If Monzo had stepped in and asked questions surrounding the transactions our Investigator said there was a fair chance any further loss would have been prevented.

Monzo disagreed it said it couldn't intervene every time a payment was made that was inconsistent with a customer's usual spending and the payments Ms K made were within her spending limit. Monzo also said that stepping in would not necessarily have prevented further losses.

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.

The circumstances of this complaint are not in dispute and the evidence provided by both Ms K and Monzo set out what happened well. What is in dispute is whether Monzo should refund any of the money Ms K has lost because of this scam.

Ms K has accepted she authorised the payments that were made, albeit on A's instruction. So, the starting point here is that Ms K 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 been aware of the scam and stepped in to prevent the payments from being made.

Eight payments were made from Ms K's account totalling £9,970 the first three payments were made within minutes of each other and were each for £2,000. This activity was significantly different to the way Ms K usually managed her account. Having viewed Ms K's bank statements I am unable to see that she had ever made payments to crypto.com before and had never made consecutive payments in the same day. It was also very rare that Ms K made payments of this size from her account in general

It would be unreasonable to suggest that Monzo should intervene in every payment its customer makes. But I think 8 transactions being made from Ms K's account in quick succession, totalling almost £10,000 should have been significant enough for Monzo to step in and ask questions about this change in behaviour.

I think Monzo should have intervened, at the latest when the third payment was attempted. By this time, it was clear that larger payments than usual were being made from Ms K's account to a new payee in quick succession and this should have caused concern.

Had Monzo stepped in and asked Ms K questions about the payments I think it would have been clear that a representative for Monzo was not requesting the movement of funds from her account and Monzo would have been able to prevent any further losses.

With the above in mind, I think Monzo should refund Ms K for all payments that were made from her account as part of the scam following the first two payments of £2,000 each.

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).

In the circumstances, I don't think it would be fair to reduce compensation on the basis that Ms K should share blame for what happened. A appears to have had Ms K's personal details that she would fairly have expected Monzo to hold. A also didn't ask Ms K for any information she would normally associate with that needed to make payments in general.

The circumstances described by A gave a sense of urgency for the payments to be made to prevent fraud on Ms K's account. So, she also had limited opportunity to carry out her own due diligence.

With the above in mind, I don't think Ms K should share responsibility for the loss and no deduction from the compensation amount should be made.

Putting things right

After the first two payments of £2,000 were processed through Ms K's account a further £5,970 was lost to the scam. I think this additional loss should have been avoided by Monzo recognising the irregular payments and stepping in.

Monzo Bank Ltd should refund Ms K the £5,970 she lost due to Monzo Bank Ltd not intervening when it should have.

Monzo Bank Ltd should add 8% simple interest per year to the amount it pays Ms K from the time Ms K 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 refund Ms K as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 17 February 2023.

Terry Woodham
Ombudsman