

The complaint

Miss A complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost in a scam.

What happened

What Miss A says

Miss A says that in June 2022 she received a message about a job as a network assistant from someone who said she was from a recruitment company. Miss A says she had been applying for jobs, so the message didn't surprise her. After confirming her preferred contact details, Miss A says she was advised that someone would be in touch via a messaging app to discuss the role and next steps. Miss A then received a message from someone I'll refer to as W from a company I'll call C – a marketing agency. W said he'd been provided with Miss A's details by the recruitment company.

W discussed with Miss A an exciting opportunity to market one of her products. Miss A was interested as she had been selling hair products on a social media platform and hoped to reach more buyers. Miss A says she researched C and was satisfied it was a legitimate company which had worked with big brands. W explained that C could 'push' Miss A's products and promote them on online platforms. He also gave Miss A access to a platform that allowed her to see how her products were being pushed.

W opened an advertising account for Miss A and made two deposits into it as part of a welcome package and told her that she would also need to make payments. On 28 June 2022 W told Miss A it was a good day to push her products and this view was reinforced by comments from others on a group chat Miss A had been added to. Miss A made the following payments to four different accounts. She says she thought these were 'advertising accounts'.

Date	Time	Amount
28/06/22	14:31	£1,690
28/06/22	15:12	£1,000
28/06/22	15:15	£1,665.29
28/06/22	16:15	£1,237.20
Total		£5,592.49

On the same day, Monzo blocked Miss A's account and discussed in its chat a credit to her account with her but she says no mention was made of the payments she had already made.

W then asked for £7,000 and said C wouldn't push Miss A's adverts if this amount wasn't paid. Miss A became concerned and contacted C via different methods. She received a response which said that the genuine company C was being targeted by a scammer. W didn't work for C. Miss A reported the scam to Monzo on 4 July 2022 via its chat.

Monzo's response

Monzo hasn't signed up to the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code') but has agreed to consider claims in line with it. Having done so, Monzo didn't agree to provide Miss A with a refund.

Miss A was unhappy with Monzo's response and brought a complaint to this service. She said she should receive at least 50% of her loss.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said Monzo didn't need to provide effective warnings under the CRM Code as a scam risk wouldn't have been evident when the payments were made. And Miss A didn't have a reasonable basis to believe C was genuine or she was making a payment for a genuine purpose. This was because she didn't receive documentation, had no reason to believe W was connected to C and hasn't said she saw her adverts as expected.

Miss A didn't accept the investigator's findings, so her complaint has been passed to me to consider. In summary, she said:

- Monzo spoke to her on the day the payments were made but only asked questions about a deposit into her account.
- The payments made were unusual and out of character and were made in quick succession. Monzo owed her a duty of care to provide warnings but failed to do so. The payments also amounted to nearly £6,000 – which is a substantial amount.
- She was convinced that W was legitimate, and he had built her trust over a few weeks. Miss A had looked at C's website to check it was a genuine company and checked its registered office. She also monitored her account with C.
- Miss A referred to the Quincecare duty and the case of Philipp.
- Miss A provided a copy of a final decision that has been published which she thinks is similar to hers. The customer in that case made a scam payment of £9,000 and was awarded 50% of it at final decision.
- Some of her money was refunded by another bank meaning she has a strong case (Miss A has provided evidence of a credit to her account of £1,119 from a bank she doesn't recognise in July 2022).

I issued a provisional decision on 26 September 2023 in which I asked Monzo to refund 50% of the final payment Miss A made.

I have set out below what I said in the "*What I provisionally think – and why*" section of my provisional decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When thinking about what is fair and reasonable in this case, I've considered whether Monzo should have reimbursed Miss A under the provisions of the CRM Code and whether it ought to have done more to protect her from the possibility of financial harm from fraud.

There's no dispute here that Miss A was tricked into making the payments. But this isn't enough for her to receive a refund of the money under the CRM Code. Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that:

- *The customer made payments without having a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate*
- *The customer ignored an 'effective warning' by failing to take appropriate steps in response to that warning.*

There are further exceptions outlined in the CRM Code that do not apply to this case.

Did Miss A have a reasonable basis for belief?

Taking into account all of the circumstances of this case, including the characteristics of Miss A and the complexity of the scam, I think the concerns Monzo has raised about the legitimacy of the transactions Miss A made are enough to support its position that it can rely on an exception to reimbursement set out in the CRM Code. I don't think she had a reasonable basis for believing that the person she transacted with was legitimate or that the payments were for a genuine service. I say this because:

- The premise of the scam wasn't plausible. Miss A was contacted out of the blue by someone who claimed to be from a recruitment agency and who discussed a role as a network assistant. She was told that the role involved helping C's merchants "improve their products on the platform". Miss A then received messages from W who claimed to be from C. But there was no mention of the job role and I've not been provided with any evidence to explain how the job opportunity morphed into helping Miss A to sell her own products. I find this to be really concerning.*
- W was purporting to represent a genuine company, C. But the website Miss A says she was given isn't the right one for the genuine company.*
- Miss A wasn't provided with anything to confirm that W actually worked for the genuine company C and didn't seek this confirmation.*
- Miss A was asked to pay four different accounts, at least three of which were in the names of individuals. I don't consider she was given a plausible explanation for this and think Miss A ought to have been concerned that she wasn't paying C.*
- Miss A wasn't provided with any documentation to set out what was agreed and there were no invoices for the payments she was asked to make. I consider this to be unusual and that Miss A ought reasonably to have had concerns and taken additional steps before making the payments.*
- The only communication Miss A had with W was via a messaging app. The photo used by W when the messages were sent was that of a baby. This isn't what I'd expect of a genuine company.*
- W said he had added funds to C's account. I don't believe a genuine company would do this.*
- It's not clear how C was helping Miss A to sell her products. She has said W talked about a good time to 'push' her product but not what this means.*

It is the combination of these factors that leads me to conclude Monzo acted fairly in relying on an exclusion to reimbursement.

Should Monzo have provided effective warnings or intervened?

Monzo has an obligation to provide an effective warning if it identifies an APP scam risk in a payment journey. I don't think Monzo ought to have recognised a scam risk when the first payments were made though. I appreciate the amounts lost had a big impact on Miss A, but the individual payments were for relatively small amounts and Miss A had made similar transactions just before the scam. So I think the generalised warning Monzo provided that asked, "Could someone be trying to scam you" and advised Miss A to stop in certain circumstances went far enough.

I think that by the time Miss A made the final payment of £1,237.20 the position changed, and an unusual pattern of payments had emerged. When this payment request was made Monzo needed to go beyond the generalised scam warning it provided. This final payment request was the fourth one Miss A had made in less than two hours. The total amount

transferred was also much greater than on any other day in the past. So I consider Monzo ought reasonably to have intervened.

I can also see that Miss A contacted Monzo via its chat function at 15:23, after her account was blocked. By this time Miss A had made three of the payments in the table above, but not the last. Miss A told Monzo she was in a desperate situation which was why she needed to transfer funds out of her account. Monzo asked Miss A about large transfers she had sent or received, and Miss A said she'd made a lot of payments as she was moving from abroad. Miss A went on to say, "I will be finished if I cannot do this last transfer" and repeated that the matter was urgent, and she needed help. At 15.41 Miss A provided Monzo with a text from her 'workplace', although I'm uncertain which message she sent.

Given the nature of these messages and the account activity referred to above I'm persuaded Monzo should have reviewed the payments Miss A had made and asked her questions about them and the subsequent payment she said she urgently needed to make. If Monzo had done so, I think the scam would have been uncovered. If Miss A had explained why she was making the payments Monzo ought to have had concerns and highlighted these to Miss A, as well as explaining the prevalence of scams involving unexpected contact via a messaging app or social media. The generalised online warning didn't go far enough in respect of this final payment.

After carefully considering these points, I'm provisionally minded to require Monzo to refund 50% of the final payment Miss A made.

Recovery

I've been provided with evidence which shows that Monzo contacted all four receiving banks the day after the scam was reported and each one responded to say that no funds remained. Evidence this service has obtained shows that by the time the scam was reported to Monzo all funds had been removed from two receiving banks. The £1,119 Miss A has received related to the £1,665.29 payment. I'm uncertain how this amount came to be refunded as the evidence provided to this service shows that Miss A's funds were removed within minutes of crediting the account. This isn't something I need to look into though. The other electronic payment institution hasn't replied.

The evidence provided shows that funds were removed from the receiving accounts very quickly, and before Miss A reported the scam. Whilst one firm hasn't replied to this service's request for information, I find it very unlikely any funds would still have been in the account by the time the scam was reported, given the other evidence and my knowledge that scammers usually remove funds straight away. If this service receives a response before I issue a final decision the parties will be updated.

The fact that some funds have been recovered doesn't affect my consideration of Monzo's liability though, as Miss A suggests.

Additional points raised by Miss A

Miss A has referred to two court cases. The case of Phillip went to a higher court. The ruling in this case doesn't support Miss A's case though.

Miss A has also referenced a decision issued by this service. Each case referred to this service is decided on the individual facts of the case. There are many differences between the case Miss A referred me to and hers which I don't propose to detail here.

Monzo responded to my provisional decision and let me know that it agreed to refund £618.60. Miss A asked me to reconsider her complaint and raised the following points:

- She has lost a lot of money which is having an impact on her and her future plans.*
- Monzo should refund all her loss, or at least 75% of it. Miss A referred to a published decision.*

- Transactions of £1,000 were significant given previous account activity and Monzo should have identified an unusual pattern of payments.
- Monzo knew something was wrong and contacted her about a credit to her account but did nothing to protect her.
- Monzo's service was poor when she notified it of the scam – it resorted to victim blaming and asking questions it already had the answers to.

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.

For the same reasons I set out in my provisional decision (which I have reproduced above), my final decision is that Monzo should refund 50% of the final payment of £1,237.20. Monzo accepted my recommendation and none of the points raised by Miss A have persuaded me to reach a different decision.

I appreciate Miss A has lost a lot of money overall, but I can only ask Monzo to refund her if I think it's done something wrong. I don't consider Monzo should have intervened when Miss A made the payments in the table above until she made the final payment – when a pattern of payments emerged that looked unusual and Monzo's interaction with Miss A ought reasonably to have caused concern. Prior to that, the payments were for relatively small amounts and weren't so unusual and out of character that Monzo ought reasonably to have intervened. There's a balance that must be struck – banks have obligations to be alert to fraud and scams, but they can't reasonably be involved in every transaction as this would cause huge disruption to legitimate payments.

Miss A has raised Monzo's interaction with her in respect of a credit to her account. As I said in my provisional decision, Monzo asked Miss A about a credit after the first three payments had been made. I agree that when Monzo sent Miss A messages about this credit it should have asked her about the payments she was making, but a discussion at this point could only have prevented Miss A from making the final payment.

Miss A says she was convinced her dealings with W were legitimate. I don't doubt that, but I need to decide if this was a reasonable conclusion to reach. For the reasons set out in my provisional decision, I'm not persuaded it was. Miss A has referred to one of the points I raised in support of my conclusion that Monzo could fairly rely on an exclusion to reimbursement in the CRM Code and said that she often deals with small companies that don't offer contracts. As I said in my provisional decision though, I felt Miss A didn't have a reasonable basis to believe the opportunity was genuine for a number of reasons that should be considered as a whole. I also covered in my provisional decision the fact that this service decides each case on its own merits and the published decision Miss A has highlighted to me involves a different set of circumstances.

I've looked into the points Miss A has made about the service she received. I can see that Monzo asked appropriate questions to understand what had happened and provided its claim response within the timescale I'd expect. Monzo also referred Miss A to a specialist team who signposted her to other services as Miss A was abroad at the time Monzo considered the scam claim. I'm satisfied Monzo treated Miss A fairly.

Overall, whilst I'm sorry to hear about the impact this scam has had on Miss A, I can't reasonably ask Monzo to do more than pay 50% of the final payment in the table above.

My final decision

I require Monzo Bank Ltd to:

- Refund Miss A £618.60;

- Pay interest on the above amount at the rate of 8% simple per year from the date of loss to the date of settlement.

If Monzo is legally required to deduct tax from the interest it should send Miss A a tax deduction certificate so she can claim it back from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 November 2023.

Jay Hadfield
Ombudsman