

The complaint

Miss P is unhappy Monzo Bank Ltd won't refund the £2,500 she lost after falling victim to a scam.

What happened

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- In October 2021 Miss P met someone on a dating app who persuaded her to invest money into cryptocurrency. But it actually turned out to be a scam. She lost £7,500 in total. £2,500 of this was sent via two faster payments from her Monzo account to a third party account held with another bank which was, presumably, under the scammer's control.
- Miss P reported the scam to Monzo but it refused to reimburse her because it said she was given an effective warning, but she didn't carry out sufficient checks before making the payments. It also tried to reclaim the money from the receiving bank, but Miss P's money had already left the account.

I issued a provisional decision earlier this month, setting out why I proposed to uphold the complaint in part. I said the following in my provisional findings.

Miss P doesn't dispute that she made the two payments from her Monzo account. This means they were authorised by her. So the starting point under the Payment Services Regulations 2017 and the account terms and conditions is that Miss P is responsible for the payments as well as any resulting losses.

But the matter doesn't end there. I've also considered whether Miss P should have received a refund of the money she lost under the provisions of the Contingent Reimbursement Model Code (the Code). The Code is designed to reimburse victims of authorised push payment scams. Monzo had signed up to the Code and it was in force when Miss P made the payments. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams except in limited circumstances.

The exceptions relevant to this case are:

- *The customer made the payment without 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 in relation to the payment being made*

Overall, I currently think Monzo has done enough to establish that Miss P didn't have a reasonable basis for believing the person she was sending money to was legitimate. I say this having taken the following into account:

- *When making the payments, Miss P relied solely on the advice from someone she met through an online dating site (who I will call J) only a week or so before. She hadn't met or spoken with J in person because, when Miss P asked, he said he was out of the country. J spent some time building Miss P's trust by talking about personal matters. But he also started talking about cryptocurrency investments and suggesting she invest relatively quickly.*
- *Miss P didn't carry out any independent checks to verify what she was being told by J. She took what J was saying at face value, acted on this and placed a lot of trust in a person that she didn't really know.*
- *The two payments from her Monzo account were the last Miss P sent before becoming suspicious about the situation, after her flatmate raised concerns. Prior to making these payments she had tried to send money directly to the intended destination from longer-standing accounts she'd held with other banks. Those banks had blocked some of her payments and Miss P accepted all of J's suggestions about how to move money around in order to avoid the blocks. But I don't think J's explanations – including that this was to avoid taxes – entirely add up. And some of Miss P's comments also suggest she had doubts. Amongst other things she notes that "everyday you are telling me something different" and "I know you are trying to help me but it's stressing me out trying to keep doing all these different things and my bank not doing it."*

I've also thought about whether Monzo met its standards under the Code.

Miss P had only opened the Monzo account a day or so before she sent the two payments. She'd transferred £2,500 in from an account she held with another bank. Soon after the money arrived in her account she set up a new payee and transferred £2,059 out. I think that sort of activity on this sort of account bears the hallmarks of someone falling victim to a scam and ought to have triggered a scam warning. Monzo seems to agree and argues that the warnings it gave were effective. But I disagree.

Monzo says Miss P would have been shown a high-friction APP warning, but hasn't shown me what this would have said. Miss P then selected the "goods and services" payment option – as prompted by J – and I don't think the warning she was shown as a result was effective as the circumstances it describes didn't mirror her own. So it can't fairly be argued that Miss P ignored an effective warning.

Monzo says it didn't give any warnings when the second payment was made. It was for a lower amount, only £441, but it was made to the same payee within 10 minutes of the first payment. In the circumstances and given what I've said already about the first payment, I currently think this ought to have triggered a warning too.

I'm currently satisfied that when Monzo was made aware of what had happened it acted appropriately and tried to recover the funds, although none remained.

Overall, as both parties ought to have done more here, I currently consider a fair outcome in this case would be for Monzo to reimburse 50% of both payments.

Putting things right

For the reasons outlined above, I currently think Monzo Bank Ltd should:

- *Refund 50% of the two payments Miss P made from her Monzo account – a total of £1,250.*

- *Add interest on the above refund at the originating account rate from the date the payments left Miss P's Monzo account to the date of settlement. If the originating account was not interest-bearing then no interest should be paid.*

With the above in mind, it's not currently clear where the £2,500 originated. It was sent, I believe, from a current account with another bank but may have been transferred into that account from a savings account. I think it's more likely than not that, if Miss P hadn't fallen victim to this scam, she would've left that money in that original account.

I ask Miss P, in her response to this provisional decision, to provide evidence (such as bank statements) that show where the £2,500 originated and any transfers that happened prior to the transfer into her Monzo account. If Miss P doesn't provide this evidence then I will likely award no interest.

Miss P provided a bank statement in response to my provisional decision and seemed to accept my findings. Monzo didn't reply to my provisional 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.

Having done so, and as neither party has sent any new evidence or arguments for me to consider about the disputed transactions, I see no reason to depart from the conclusions set out in my provisional decision and summarised above.

I've considered the bank statement Miss P has provided in order to decide how Monzo should put things right. This showed the account usually carried a large balance – in excess of the £2,500 lost to this scam – and was not interest-bearing. Given what Miss P told us about the scam, I don't think it's likely she would have otherwise spent this money or earned interest on it. So I'm not instructing Monzo to pay interest on the 50% refund.

My final decision

My final decision is that I uphold this complaint in part and instruct Monzo Bank Ltd to pay £1,250 to Miss P..

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before **10** March 2023.

Ruth Hersey
Ombudsman