

The complaint

Miss E complains that Monzo Bank Ltd didn't do enough to protect her from losing money to an investment scam.

What happened

Miss E has explained that in 2021 she made the following payments using her Monzo debit card for what she thought was a legitimate investment with a company I'll call G.

Date	Amount
18 May 2021	£301.36
25 June 2021	£1,500.41
05 July 2021	£1,508.25
13 July 2021	£1,503.78
14 September 2021	£1,281.68
11 November 2021	£1,999.82
Total	£8,095.30

Miss E later got in touch with Monzo to report she'd been scammed. Monzo didn't reimburse her lost funds. Remaining unhappy, Miss E referred her complaint about Monzo to our service. As our Investigator was unable to resolve the matter informally, the case has 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.

Having done so, I've decided to not uphold this complaint for materially the same reasons as our Investigator. I'll explain why.

I'm sorry if Miss E lost this money to a scam. But in circumstances like this, this doesn't automatically entitle her to a refund from Monzo. It would only be fair for me to tell Monzo to reimburse her if I thought it reasonably ought to have prevented the payments or it unreasonably hindered recovery of the funds.

Prevention

I've thought carefully and I'm not persuaded I can say Monzo reasonably ought to have been obliged to have prevented the payments. This is because Monzo would generally be expected to process payments a customer authorises it to make. And under the Payment Services Regulations and the terms and conditions of the account, Miss E is presumed liable for the loss in the first instance, in circumstances where she authorised the payments. That said, as a matter of good industry practice, Monzo should have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not reasonable to expect a bank to stop and check every payment instruction. Banks need to strike a balance between intervening in payments to prevent scams and financial harm, and the risk of unnecessarily inconveniencing or delaying legitimate transactions.

Here I'm satisfied Monzo didn't seek to intervene in the payments. And I'm satisfied that the payment instructions weren't sufficiently unusual or uncharacteristic for me to say it was unreasonable for Monzo to process them without questioning Miss E about them first.

It wasn't unusual for Miss E to make payments for this amount. Miss E has said some of her previous legitimate payments for larger amounts were to her partner who was a well-established payee who she paid regularly. But nevertheless, I think it would still have been fair for Monzo to take these into account in forming a general picture of the operation of her account. And there were several other payments, which I understand were not to Miss E's partner, from December 2020 to April 2021 for amounts similar to or greater than the disputed transactions.

It wouldn't be fair or reasonable for me to say Monzo ought to have thought the first payment (to Sipay) sufficiently unusual to warrant intervention; nor the subsequent payments to Wisenex, a crypto exchange. Not all payments made to crypto exchanges are the result of a scam. And in my view the amounts Miss E paid to Wisenex weren't sufficiently unusual given the prior operation of her account for Monzo to be reasonably obliged to have intervened in them before processing them. I don't think the spacing of the payments to Wisenex would have looked suspicious either.

It follows, therefore, that I'm not persuaded Monzo unreasonably missed an opportunity to prevent the payments nor therefore Miss E's loss.

Recovery

After the payments were made, I couldn't reasonably expect Monzo to have done anything further until Miss E notified it of the scam. Then, because these were debit card payments, the only potential avenue for recovery of the payments would have been via the chargeback scheme.

However, Miss E made the payments from her Monzo debit card to Sipay and Wisenex first (and not directly to the scammers). This means the merchants here, for chargeback purposes, would be Sipay and Wisenex (and not the scammers). But Sipay and Wisenex appear to have legitimately provided the services intended, and the subsequent transfer of the funds on from there to the scammers would not give rise to a valid chargeback claim through Monzo. So I don't think these payments were recoverable through Monzo once they had been made.

I realise this means Miss E is out of pocket. And I'm sorry she lost this money. But I can't reasonably ask Monzo to reimburse her in circumstances where I don't think it ought reasonably to have prevented the payments or been able to recover them.

My final decision

For the reasons I've explained, I don't uphold this complaint.

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

Neil Bridge
Ombudsman