

## The complaint

Ms M complains that Monzo Bank Ltd (Monzo) has refused to refund her the amount she lost as the result of a scam.

## What happened

In my provisional decision sent 24 February 2023 I explained that I didn't think this complaint should be upheld. I said:

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

*Monzo was unable to attempt a chargeback for the payments Ms M made in relation to this scam to Huobi and H-finance Simplex.*

*The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.*

*Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.*

*Ms M was dealing with X, which was the business that instigated the scam. But Ms M didn't make the debit card payments to X directly, she paid separate cryptocurrency exchanges (Huobi and H-finance Simplex). This is important because Monzo was only able to process chargeback claims against the merchants she paid (Huobi and H-finance Simplex), not another party (such as X).*

*The service provided by Huobi and H-finance Simplex would have been to convert or facilitate conversion of Ms M's payments into cryptocurrency. Therefore, Huobi and H-finance Simplex provided the service that was requested; that being the purchase of the cryptocurrency.*

*The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants Ms M paid. As Huobi and H-finance Simplex provided the requested service to Ms M any chargeback attempt would likely fail.*

*I've also thought about whether Monzo could have prevented some or all the payments. Ms M has accepted she authorised the payments she made to Huobi and H-finance Simplex, so the starting point here is that Ms M 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. And if it had stepped in, that the scam would have been prevented.*

*Our Investigator said he would have expected Monzo to have been aware of suspicious activity on Ms M's account by the time she made the eighth payment, and that had it stepped in at this point and asked Ms M questions about the payments she was making it would likely have prevented any further loss.*

*I agree with our Investigator in part, that by the eighth payment Ms M made in relation to the scam Monzo should have contacted Ms M. But four payments Ms M attempted to make on 17 February 2022 were declined prompting Ms M to contact Monzo herself via the online chat facility.*

*Monzo explained it had frozen Ms M's account and had to carry out further checks. It asked Ms M to provide pieces of information:*

*"1, Any recent failed payments including how much and what the payments were for, as well as who they were supposed to be made to.*

*2, Any large bank transfers you've sent or received in the last few days – including who they were to or from, what they were for, and whether they were personal or business transactions.*

*3, Any documents you have for these transactions – Like statements, invoices, receipts, wage slips. Don't worry if you don't have any of these things, but the more you can send me the better"*

*Ms M responded*

*"1, Hyobi. I invest in cryptocurrency 2, They were all personal transactions from my own bank accounts, I use my savings to invest in cryptocurrency 3, As you can see these are all transactions made from my own account to myself again, then I buy coins and resell them.*

*Please release my funds it's all I have"*

*I think it's clear from the answers Ms M gave that she was discussing the recent payments she had made into the scam, that had been declined as she named the business she was paying in response to point one. Although she did not give an accurate account as to what the payments were intended to be for i.e., investing with X to make money by completing tasks. From the misleading answers Ms M had given I don't think Monzo would have any reason to think the payments Ms M was making was in relation to a scam, or reasonably have been able to prevent it from continuing.*

*Ms M contacted Monzo again the same day having realised she had been a victim of a scam. But again, Ms M gave an accurate account of what had happened. She explained that someone had taken a video of her and had been sending fraudulent transactions from her account. It wasn't until sometime later when prompted by Monzo, that Ms M told the truth about how the scam had occurred.*

*I think Monzo's fraud prevention systems were triggered at a reasonable time (when she attempted several payments on 17 February 2022) but as Ms M gave false information about the payments Monzo was unable to detect the scam and prevent it from continuing.*

*Considering Ms M was in contact with Monzo again after realising she had been scammed and still gave inaccurate information, I think that even if Monzo had contacted Ms M when*

*she attempted further payments it's likely she would have given further inaccurate information and Monzo would have been unable to discover the scam and prevent it from continuing.*

*As I think it's unlikely Monzo was able to prevent the scam from taking place even if it had contacted Ms M when she made further payments, I don't think it would be reasonable to ask Monzo to refund any of the payments Ms M made in relation to it.'*

### **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.

Monzo didn't provide any further information following receipt of my provisional decision.

Ms M said she didn't give inaccurate information to Monzo, and Monzo should have acted when Ms M started to make payments that were higher than her usual spend. Ms M also reiterated that she had been the victim of a scam and that Monzo should have done more.

I appreciate Ms M's comments, but I think the points she has made have already been covered in my provisional decision. Ms M has not provided any further evidence or information that changes my decision.

With the above in mind, I think the outcome reached in my provisional decision is fair.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 11 April 2023.

Terry Woodham  
**Ombudsman**