

The complaint

Ms R complains that Monzo Bank Ltd won't refund the money she lost to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 agree with the conclusions reached by the investigator.

It isn't in dispute that Ms R authorised the disputed transactions which she ultimately lost to the scam. In line with the Payment Service Regulations 2017, the starting position is that banks ought to follow their customers authorised payment instructions without undue delay.

But there are some situations where we believe that banks—taking into account relevant rules, codes and best practice—ought to have identified a fraud risk, so should have looked at the wider circumstances surrounding the transaction before making the payment. If Monzo failed to do so, and that failure led to a fraudulent loss, it might be fair to hold it liable.

Given the lack of prior account use, I think the first scam payment arguably ought to have prompted intervention by Monzo. It looks as though the account was newly opened. And the first ever transaction was a large payment to a cryptocurrency wallet Ms R had set up. I think that was enough to alert Monzo to a potential fraud risk.

However, even if Monzo had intervened at this point and asked further probing questions about the nature of the payment Ms R making, I'm not persuaded it would have likely stopped her from proceeding or have prevented her loss. I'll explain why.

- Prior to making those disputed payments which exceeded £10,000, Ms R had to contact Monzo to increase her payment limit. When Monzo asked her why she needed to do this, she said it was to pay money to her own account which she had paid before.
- While Ms R was paying the funds directly to her own cryptocurrency accounts, they were then transferred on to the scammer's trading platform. And so that was the ultimate reason behind needing to increase the payment limit. But she didn't mention that the payments were for investing or go into any further detail.

- I'm mindful that Monzo didn't probe Ms R further about her explanation. But when reviewing her responses, they don't persuade me that, with further questioning, she was likely to have divulged much more information that ought reasonably to have made Monzo realise she might be at risk of being scammed.
- Ms R messaged Monzo several times while it was processing her requests to increase her payment limit. She was unhappy it needed to review her requests. She said she didn't want any more requests or questions in order to make these payments, reiterating it was her money that she was transferring to her own account and that she was unhappy with the questions she was being asked.
- This Monzo account was set up in August 2020 – which is when the scam payments started, aside from one earlier payment of £250 made from a credit card account. We've asked Ms R why she set up the account, and she's told us it was for using eBay. But that doesn't seem to reflect how the account was actually used. Initially, it was being used exclusively to make these cryptocurrency payments.
- Many of these payments were funded from another bank account Ms R held. She would transfer funds from there into her Monzo account, then on to the cryptocurrency wallets. When the investigator asked Ms R why she did this, rather than simply making the payments directly from her existing bank account, she told us this was "her own choice for ease".
- It therefore seems Ms R took steps to load funds more easily, with less chance of interference, to her cryptocurrency wallets (to then send to the scammers, thinking her money was being invested). Which I think suggests it would have been difficult to have dissuaded her from proceeding.
- I do think there was enough Monzo ought to have picked up on to warrant giving Ms R a broad warning about cryptocurrency scams. But again, I'm not persuaded that would reasonably have stopped her from proceeding.
- In response to the investigator's view, Ms R's professional representative argued that intervention would have succeeded. It said Ms R had downloaded remote access software – which, as Monzo ought to have known, is often an indication as a scam. But the investigator has pointed out that this is a change from what they originally told us; that Ms R had *refused* to download this software. I agree with our investigator that this makes it less likely this would come up if Monzo had probed further. Particularly bearing in mind Ms R's interactions with Monzo when it did ask her questions to review her payment limit increases.
- Additionally, Ms R has confirmed she was aware of mixed reviews online about the scam merchant prior to investing and was happy to proceed. While, as the representative has pointed out, being aware of mixed reviews doesn't necessarily mean someone won't listen to a scam warning from their bank, the reviews I've found predating these payments include some calling the company a scam. So that does suggest Ms R already had some awareness of the scam risk. And I think that supports the argument that a broad warning from her bank wouldn't have dissuaded her.

- When Ms R reported the scam to Monzo in July 2021, it asked her when she had become suspicious. She said she had become suspicious earlier in the year – but had been persuaded as the scammers said they had ongoing contracts for her. She continued making payments until March 2021 – having already (according to the trading platform, which was likely fake) made, but then lost, a lot of profit. The fact Ms R continued, despite these suspicions, supports my view that a warning from Monzo wouldn't have prevented her from proceeding.
- Ms R's representatives have explained that she was going through a difficult period which made her more vulnerable to this scam. I'm really sorry to hear that, and readily accept that scammers often target or manipulate people based on their circumstances. That said, Monzo hadn't been made aware of anything that I think ought to have alerted it to Ms R's vulnerabilities. So it wouldn't have known she might need extra support, beyond the usual duty it holds to monitor and respond to indicators of fraud risks.
- I appreciate this is a balanced judgment call. But in my view, for the reasons given above, I'm not persuaded it's likely that Monzo would have uncovered the scam and prevented the loss if it had questioned Ms R further about these payments or given her a better warning. Nor do I think it ought reasonably to have refused these requests altogether, given its starting duty to follow Ms R's payment instructions.
- I've also thought about whether Monzo could have done more to recover the funds after Ms R reported the fraud. But the money had been transferred through Ms R's cryptocurrency wallets and on to the scammers. So Monzo wouldn't have been able to recover this; the funds had already been lost.

I appreciate this will be disappointing to Ms R, who has lost out due to the cruel actions of the scammers. For the reasons given above, I'm not persuaded it's fair to hold Monzo liable for her loss.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 30 June 2023.

Rachel Loughlin
Ombudsman