

The complaint

Miss C is unhappy Monzo Bank Ltd won't reimburse her for funds she lost due to a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

I issued a provisional decision on this complaint in April 2023. My provisional findings were as follows:

I know this will be disappointing for Miss C, but I don't intend for Monzo to refund any of the unauthorised transactions in dispute here. However I do agree with the investigator she is due a reimbursement of the £499 and £1 payments she sent, under the Contingent Reimbursement Model ('the code'). I'll explain why.

I've looked at the social media advert Miss C saw that started this scam and the warning Monzo said it showed her. The price is reasonable for the item being sold and I don't see any reason Miss C would've realised this could be a scam. I accept that the social media platform suggests Miss C should pay in another way, but this isn't a consideration under the code. And I don't think a bank transfer is necessarily that unusual for a person to request. I've reviewed the warning Monzo showed Miss C and I can't say that in sending the payment she ignored an 'effective warning' for her situation. She confirmed with the seller who she was paying and then did get a match for their details, so she was paying who she expected to pay. The price was reasonable for the item and she hadn't been, at that time, told about any risks to her account or to ignore any warnings. So I don't consider Miss C ignored an 'effective warning' here.

Monzo has said that Miss C paid a different party to who she was messaging, so this should've been a concern. But we know that the seller explained she'd be paying their partners account, which I don't think is again so unusual it should have meant Miss C didn't reasonably believe she was paying someone she expected to pay. Just because someone doesn't have the same surname as their partner it doesn't mean it's a scam. And as above, the item pricing was in line with what I've seen elsewhere, and the images were of the correct item. So I don't think Miss C didn't have a reasonable basis for belief here either. So she is due a full refund of the two faster payments she sent to the scammer, plus 8% simple interest per year on these payments from the date Monzo declined to refund her under the code, to the date it does reimburse her.

Moving on to the unauthorised payments, under the Payment Services Regulations 2017 and the terms of her account, Miss C is presumed liable for transactions she's carried out herself. If a transaction can be shown to be unauthorised, as it's accepted the later transactions were here, then the bank must demonstrate that Miss C failed with intent or gross negligence to keep her account and personal details safe. And I think Monzo has shown that in this case.

Miss C has explained how this scam started and I accept that she wasn't aware she was being scammed when she first tried to buy the item online. However, it was the scammer who told her that 'her bank' would be emailing her. The scammer asked for Miss C's contact details and then said she'd be receiving an email from her bank, which she received shortly after. So I think it should've been a clear concern to her whether or not these emails were genuine. This is especially because the reason for 'her bank' emailing her was that the scammer hadn't received the funds – which Miss C had confirmed with genuine Monzo through her app that they had.

I can see that when Miss C received the emails - which, apart from the person's signature, didn't come from or include any details for Monzo - she replied to them saying she'd already been scammed that evening. So by this time she knew the social media purchase was a scam. And yet she then continued to correspond with this person via email and give away her details, including sending a verification video, despite the clear link between these emails and the scam. The emails also say they are in relation to "a £500 payment" but Miss C hadn't sent a single payment of this value. She sent two payments – £1 and £499 – so a total of £500. I wouldn't expect a bank to make this kind of error and Miss C knew she sent two payments.

The above email chain is before Miss C's account has been compromised. And at this time I think she had enough information to be aware that the emails were part of the same scam. As above, the email address is not a Monzo one but a 'gmail' domain and someone who she knew was a scammer had told her to expect an email. She also recognises in the emails that the Monzo link tells her not to share it with anyone, but they are asking her to do so. Miss C says she didn't share the link, but I can see from the screenshots we do have, that we don't have the full chain of emails. And considering the scammer was able to access her account shortly after the emails I've seen asking for the link, I think it's most likely that Miss C did share the link, as I can't see how else they would've been able to do this.

Taking into account all of the above, I'm satisfied that Monzo has demonstrated Miss C failed in her obligations to the extent she did fail with gross negligence. I think she has shown a very significant degree of carelessness in this case. She is using the genuine Monzo chat whilst also emailing with 'Monzo' to an email address that isn't one that's associated with Monzo. And as above, it was a scammer that said she'd be getting emails and she's aware of this by this point. We know she shared personal details and it seems she also sent a link to this email despite all the above, and this is what enabled the third party to access her account and make the unauthorised payments.

Monzo responded to the provisional decision accepting it. Miss C didn't agree. She said that Monzo should've done more to prevent her being the victim of this scam. She said she hadn't previously purchased cryptocurrency and this was associated with scams. And these and the large payments to luxury brands didn't match her normal spending.

Miss C also said that she thought the second device should have been concerning to Monzo as she'd reported she'd been discussing being a victim of another scam. So she said Monzo's fraud prevention measures failed and this is why she was the victim of the second scam. She also said that she didn't agree the compensation awarded was fair for how long her account was locked.

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.

As neither Miss C nor Monzo has provided any further comments on the core findings I made in my provisional decision, I see no reason to change these. So I still conclude that Monzo is liable to refund Miss C under the CRM code for the two payments she made.

In relation to the unauthorised payments, I still conclude that Miss C failed with gross negligence to keep her security details safe. So I have then gone on to consider the points she's made in relation to the unusual nature of the transactions and the compensation already paid.

I accept that the total amount spent by the scammer was unusual for Miss C's account. However I don't agree that Monzo needed to intervene on the payments that are still in dispute. The payments to the luxury brands were pending and then returned to Miss C. And looking at the value of the cryptocurrency payments, I'm not persuaded in this case that Monzo needed to intervene on these.

The other challenge in this case is that Miss C shared her security information with the scammers and a video that should've enabled the scammers to unblock her account in the event of a temporary block. So even if Monzo had blocked the account before these payments processed, as we have seen from the Monzo chat, the scammers were able to access her account and say the payments were genuine. So in any event, I'm not persuaded that a block by Monzo would have prevented the payments to the cryptocurrency exchange.

I've considered that Miss C had just been the victim of a different type of scam before these payments. But I'm not persuaded this means Monzo should've known the cryptocurrency payments weren't carried out by her. The type of scam Miss C had described to Monzo didn't involve any of her details being compromised, she simply explained that she'd paid someone who was claiming they hadn't received the money. So there's no indication in this that someone else had full access to her account and so these payments were possibly unauthorised.

I've then considered the compensation Monzo awarded Miss C for communication and the time it took to unfreeze her account, and to let her know her account was no longer frozen.

I don't think the information requests Monzo sent Miss C during the time they were investigating were unreasonable. Or that it caused unnecessary delays here. Considering how much personal information was shared, it was important Monzo got to the bottom of this so it could ensure Miss C's account was fully secure before it unblocked it. There was a delay in Monzo letting her know the account was no longer frozen, but from the information we hold this was a few days, once the investigation was complete. And I can't see that during this time Miss C was actively chasing Monzo. It seemed the greater inconvenience was caused to her during the time it was reasonably investigating, which I wouldn't award for. So while I accept it should have informed her about unfreezing the account as soon as this happened, I'm not increasing the compensation award in this case.

Putting things right

Monzo needs to reimburse the two faster payments Miss C sent to the scammer (total £500), plus pay 8% simple interest per year on these payments from the date it declined to refund her under the code, to the date it does reimburse her.

My final decision

For the reasons set out above, I partially uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 12 June 2023.

Amy Osborne
Ombudsman