

The complaint

Ms C through a representative complains that Monzo Bank Ltd (“Monzo”) won’t refund the money she lost as part of a scam.

What happened

The background to this complaint is well known to both parties, so I’ll only refer to some key events here. In November 2021 Ms C was in contact, via a dating platform, with a scammer that I will call B. B said he is an experienced crypto trader. B convinced Ms C that she should invest in his trading platform and explained how she could make money from crypto trading using his platform.

Ms C made two transactions - one of £1,000, the other of £9,000 on 10 November 2021 to a crypto exchange. These payments were then converted from pounds into a crypto currency and the crypto currency was then sent to a fake trading platform that was controlled by B. Ms C tried to withdraw some of her funds, but was unable to do so without paying further fees. After some back and forth between herself and B, she realised that she had been scammed.

I issued a provisional decision on 24 November 2023 in which I said the following;

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

At the time Ms C made her payments, banks were expected to process payments a customer authorised it to make; but as a matter of good industry practice, a bank 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.

There is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers’ best interests, but they can’t be involved in every transaction.

All of the payments in dispute were Faster Payments sent to a well-known crypto exchange. So, it’s reasonable for me to conclude that Monzo ought to have known that Ms C was likely purchasing crypto with these payments. I’ve also thought about whether there was anything else about the payments which ought to have concerned Monzo.

The first payment

I agree with our investigator’s conclusions regarding the first payment. I don’t think I can fairly say that the first payment was of a sufficient size, such that it would be deemed unusual – which had it been would’ve prompted Monzo to have intervened. I say this especially as Ms C had made transactions to trading platforms in the past, albeit these were not crypto platforms.

Payment Two

I do however think payment two, when taken cumulatively with payment one, ought to have warranted an intervention from Monzo. Payment two represented a total of £10,000 on the same day to a relatively new payee for Ms C.

Monzo confirmed it didn't intervene and I think it was a missed opportunity to do so. If Monzo had intervened (as I think it ought reasonably to have), I'd have expected it to query with Ms C what the purpose of the payment was for. I think she'd have likely explained she was purchasing crypto in order to transfer the funds to a third-party trading platform. I'd also have expected Monzo to query whether she was doing this upon the advice of a third party. I think this would have prompted Monzo to highlight that it was likely that she was being scammed, as sending funds from a well-known crypto exchange, to a third party who she had met on a dating website - who she had not met in real life - who agreed to trade on her behalf has all the hallmarks of a crypto scam. Had this been pointed out, I don't think it's likely that Ms C would have continued with the payment.

I note that there were no credible warnings about B at the time of the transactions. But as I said above, the details of what was happening were clearly in line with a common scam. I have no reason to doubt that Ms C would have been honest with Monzo had she been questioned by it and there is no indication that she was being coached by B.

So I think an intervention with Ms C at this point should have led Monzo to being aware that Ms C was potentially being scammed. I also think it likely that had Ms C been told this, she would not have proceeded with the transaction. After all, she had not met B and she had only been in contact with B for a few days. So, because of Monzo's failure to act on clear triggers of potential fraud or financial harm, Ms C would probably have not lost this payment.

I've also thought about whether Ms C's actions contributed to her losses. Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions.

In this instance Ms C met the scammer through a dating site and within a relatively short amount of time, without actually meeting the scammer in person, she was transferring large sums of money on the advice of someone she had only been talking to for around 9 days.

I can't see that Ms C did any substantial research or carry out any checks to determine that the scammers representations were true. She seems to have placed a lot of trust in a very short period of time with someone she did not really know. So overall I think that she is partially responsible for her own loss, so I'm satisfied a 50% deduction is fair and reasonable in the circumstances.

I've considered whether Monzo could have recovered any of Ms C's payments. But given that the payments were sent to a crypto exchange and were then forwarded on to B, I don't think that any recovery could have been made or that the Contingent Reimbursement Model applies in this instance.

Putting things right

Currently I am intending to ask Monzo Bank Ltd to do the following

- 1) Refund 50% of transaction 2; and*
- 2) Add 8% simple interest, per year, on this amount, from the date of the payment, to the date of settlement (less any lawfully deductible tax).*

In response to my provisional decision Ms C agreed with what I had recommended. Monzo did not respond.

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 party has raised any new points, I see no reason to change the outcome that I proposed in my provisional decision.

So, in summary I think that Monzo should have intervened during transaction 2 and had it done so the scam would have been stopped. I therefore think that Monzo should refund transaction 2 and there should be a 50% deduction in the refund as I think Ms C contributed to her own loss for the reasons I outlined in the provisional decision.

I uphold this complaint in part.

Putting things right

Monzo Bank Ltd should do the following

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- 2) Add 8% simple interest, per year, on this amount, from the date of the payment, to the date of settlement (less any lawfully deductible tax).

My final decision

Monzo Bank Ltd should pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 8 January 2024.

Charlie Newton
Ombudsman