

The complaint

Ms M complains that Monzo Bank Ltd (“Monzo”) have failed to refund money that she lost as part of an investment scam.

What happened

Ms M was contacted by someone who said they worked for a Crypto trading company that I will call B. From what I can see, Ms M transferred £5,000 to BCB payments limited, which I understand is an Authorised Payment Institution. The funds were then sent on to B.

Ms M wanted to withdraw the “profits” she could see on B, but she was told that she was unable to do so. At this point Ms M realised that she had been scammed.

Ms M raised a complaint with Monzo as she believed that Monzo should have stopped her from making the payments in question.

One of our investigators looked into this matter they decided that the £5,000 transaction was not sufficiently out of character to warrant an intervention by Monzo and that there was no other means of Monzo recovering the funds.

Ms M did not agree with this and therefore her complaint was passed to me to issue a final 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 for the following reasons:

It isn’t in dispute that Ms M authorised the payment she made from her Monzo account (where her funds were subsequently transferred on to the scammers). The transaction was requested by her using her legitimate security credentials provided by Monzo, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I’ve considered whether Monzo should have done more to prevent Ms M from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character. However, having taken Ms M’s account activity, I do not think the payments she is disputing should have been regarded as particularly unusual.

The payment was not of such a large amount that it would represent a significant deviation from what would be considered as 'usual' activity. I accept that it was a larger payment than Ms M usually made. But previously Ms M had funded her account on two occasions with £2,000 before sending the money to a third party. So doing the same with £5,000 was not sufficiently out of character for Monzo to have intervened. Also unlike the previous two payments the payment was ultimately made to an account that was in the name of Ms M rather than a third party and was also to a legitimate regulated company.

So, having considered the payment Ms M made, I'm not persuaded there was anything that ought reasonably to have triggered Monzo's fraud monitoring systems or that would have indicated she was in the process of being scammed. I therefore do not consider there to have been any obligation on Monzo to have intervened any further

I've also thought about whether Monzo did enough to attempt to recover the money Ms M lost. I can see that it did contact the receiving bank, but was unable to recover the funds. I don't think that it needed to do anything more.

I appreciate this will come as a disappointment to Ms M, and I'm sorry to hear she has been the victim of a cruel scam. However, I'm not persuaded that Monzo can fairly or reasonably be held liable for her loss in these circumstances.

My final decision

For the reasons given above, I do not 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 14 November 2023.

Charlie Newton
Ombudsman