

## The complaint

Miss B complains that Monzo Bank Ltd (Monzo) is refusing to refund her the amount she lost as the result of a scam.

Miss B is being represented by a third party. To keep things simple, I will refer to Miss B throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Miss B was looking through Instagram and saw that her friend was investing in cryptocurrency. Interested in the investment Miss B reached out to her friend for more information.

Miss B then received a message from an individual (X) claiming to work for an approved trading platform. Miss B could see from X's own profile that they were enjoying a lavish lifestyle which further peaked Miss B's interest.

X directed Miss B to a trading platform. The trading platform appeared to be legitimate and looked very professional. X created an account on the platform for Miss B and guided her through how to open a cryptocurrency account with a legitimate cryptocurrency exchange.

X was very personable and convinced Miss B to invest with her on the basis that Miss B would see a good return. Miss B could see her investment was growing and she was happy with the return.

However, when Miss B attempted to make a withdrawal from the investment, she was told she would have to make further payments in relation to a withdrawal fee and tax. Miss B agreed to make these payments but was still unable to make a withdrawal. X requested further payments from Miss B.

Miss B didn't make any further payments and X stopped communicating with her. It was clear at this stage that Miss B had fallen victim to a scam.

Miss B made the following payments into the scam via genuine cryptocurrency exchanges:

Date	Payee	Payment Method	Amount
12 July 2022	CB payments	Debit Card	£100.00
12 July 2022	CB payments	Debit Card	£100.00
12 July 2022	CB payments	Debit Card	£800.00
12 July 2022	CB payments	Transfer	£800.00
12 July 2022	Moonpay	Transfer	£550.00
13 July 2022	Moonpay	Transfer	£1,996.00
13 July 2022	Moonpay	Refund	- £1,996.00
13 July 2022	Moonpay	Transfer	£1,996.00

13 July 2022	Moonpay	Refund	- £1,996.00
13 July 2022	Moonpay	Transfer	£1,996.00
13 July 2022	Moonpay	Refund	- £1,996.00
13 July 2022	Cro Internet	Debit Card	£0.10
13 July 2022	Cro Internet	Debit Card	£0.10
13 July 2022	Cro Internet	Debit Card	£1,999.23
14 July 2022	Cro Internet	Debit Card	£2,878.36
14 July 2022	Cro Internet	Debit Card	£1,898.32
14 July 2022	Cro Internet	Debit Card	£2,684.00
15 July 2022	Cro Internet	Debit Card	£4,765.85
15 July 2022	Cro Internet	Debit Card	£1,992.99
15 July 2022	Cro Internet	Debit Card	£1,261.08
15 July 2022	Moonpay	Transfer	£1,664.00

Our Investigator considered Miss B's complaint but didn't think it should be upheld. Miss B didn't agree so this complaint has been passed to me to decide.

### **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.

It has not been disputed that Miss B has fallen victim to a cruel scam. The evidence provided by both Miss B and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Miss B lost due to the scam.

#### *Recovering the payments Miss B made*

Miss B made payments into the scam via her debit card and bank transfer. When payments are made by card the only recovery option Monzo has is to request a chargeback, and when payments are made via transfer Monzo has limited options available to it to seek recovery.

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.

Miss B was dealing with X, which was the person that instigated the scam. But she didn't make the debit card payments to X directly, she paid separate cryptocurrency exchanges. This is important because Monzo would only have been able to process chargeback claims against the merchant she paid, not another party (such as X).

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Miss B's payments into cryptocurrency. Therefore, they 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 Miss B paid.

I have also thought about whether Monzo would likely have been able to recover the payments Miss B made by transfer, but these payments were also made to cryptocurrency

exchanges and then moved on to the scammer. So, I think it's unlikely Monzo would have been able to recover these funds either.

With the above in mind, I don't think Monzo had any reasonable options available to it to recover the payments Miss B made in relation to the scam.

*Should Monzo have reasonably prevented the payments Miss B made?*

It has been accepted that Miss B authorised the payments that were made from her account with Monzo, albeit on X's instruction. So, the starting point here is that Miss B 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 into question Miss B about the payments she was making. And if it had questioned Miss B, would it have been able to prevent the scam taking place.

Miss B made payments to several cryptocurrency exchanges over a four-day period. Each individual payment was for a relatively low amount, and it wasn't unusual for Miss B to make consecutive payments, or payments of a similar value from her account. It would also be unreasonable to suggest that Monzo should intervene in every payment its customer makes – particularly payments that are to legitimate businesses (as was the case here).

When considering the payments in dispute here, I don't think when taken individually or collectively, Monzo's fraud prevention systems should have reasonably been triggered prompting it to step in and question Miss B. I don't think the payments were unusual enough (when compared to Miss B's normal account spend) for me to suggest that Monzo acted unreasonably by allowing all of them through without a having a meaningful conversation with her.

As I don't think Monzo missed an opportunity to prevent the scam taking place, it is not responsible for Miss B's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 9 February 2024.

Terry Woodham  
**Ombudsman**