

## **The complaint**

Ms G complains that Monzo Bank Ltd (“Monzo”) refuses to refund her losses after she fell victim to a scam.

## **What happened**

Ms G says she is part of an online community of sorts, with likeminded individuals on a social networking platform which I’ll call ‘F’. On 17 December 2021, Ms G saw an investment opportunity being mentioned in F – and this opportunity was being discussed on another networking application which I’ll call T. Ms G downloaded T and saw many people from her online community had signed up to the investment opportunity which helped them become more secure financially. Ms G had been worried about her job during the pandemic and was looking for ways to become more financially secure.

Ms G says the scammers appeared to be linked to a financial business (which I’ll call P). P was an FCA regulated business and although she did not invest with this particular firm, she believed she was dealing with brokers and staff from P, a genuine firm.

Ms G was contacted by the scammers and told she’d have to send her funds to an account in her own name on an online trading platform (which I’ll call ‘C’) and then on to the scammer’s crypto wallet, for the scammer to trade on her behalf.

On the 18 December 2021, Ms G opened a Monzo account. Ms G says she was told the minimum investment amount was £1,000 so on the 19 December 2021, Ms G transferred £1, £999 (the £1,000 minimum investment) and an additional £99 to her account with C. She says she was able to withdraw £99 and £1 from C and being able to withdraw her money made her believe it was genuine investment. It is my understanding the funds were then moved on from C, to the scammers.

Ms G says that throughout this time, T’s group members would advise that they had thousands of pounds worth of profit in their accounts. There were over 300 members in the group and most of them seemed to have made a lot of profit and even had withdrawals back into their bank accounts, which made the scam appear more convincing to Ms G.

Ms G says she could see significant profits building in her trading account and wanted to withdraw her money. The scammers told her that in order to withdraw her investment, she needed to pay the scammer £3,900 – which was 30% of the profit. On 21 December 2021 Ms G made the payment of £3,900.

On 22 December 2021, Ms G sent a further £5,200 as she was told she had to pay tax. When a further fee was demanded before releasing her “profits” to her, Ms G contacted Monzo saying she’d been scammed.

Monzo refused to refund the money Ms G had lost, saying it had done nothing wrong. Monzo said when the initial payment was sent, she was shown a “no match” warning but she continued to make the payment.

Unhappy with its response, she referred the matter to this service. One of our investigators looked into what happened and didn't think Monzo should have to return the money to Ms G. Ms G asked for an Ombudsman to review the matter re-iterating that she had been the victim of a scam, that she was vulnerable due to her concerns over her job, and Monzo was in a position to identify the scam and prevent her falling victim to the scam. She added she didn't recall being shown any warnings. She felt that, as Monzo had failed in its duty to protect her, it should now refund the money she had lost.

As the complaint couldn't be resolved, it was passed to me.

In my provisional decision of 12 June 2023, I set out why I was minded to not upholding the complaint. I invited both parties to provide any further submissions they may wish to make before I reached a final decision. Ms G through her representative replied accepting my findings. Monzo did not make any further comments.

### **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.

In my provisional decision I explained the following:

*Firstly, I think it may be helpful to set out that banks have an obligation to process the payments its customer authorises it to make both under the regulations applicable and the terms and conditions of accounts. However, banks also have a duty to try to prevent their customers falling victim to a scam. Banks need to strike a balance between intervening in payments to prevent scams or financial harm, and the risk of unnecessarily inconveniencing or delaying legitimate transactions.*

*What this means is that Monzo is obligated to process any payments Ms G authorises, but it is also expected to monitor transactions. If any transactions are flagged as suspicious, or sufficiently unusual – Monzo should take measures to prevent its customers, such as Ms G, falling victim to a scam.*

*It may also be helpful to explain, that Monzo didn't scam Ms G and was not the perpetrator of her losses. And, as explained above, banks usually are under an obligation to process payments authorised by consumers. Where consumers authorise such payments, the starting point is that consumers must bear the losses (so in this case, as Ms G authorised the payments, the starting point is that she must bear the losses that arise from such payments).*

*In order for me to uphold a complaint of this nature, and hold Monzo liable for the losses instead of Ms G, I'd need to be satisfied that Monzo failed in its duty to protect Ms G in some way, and that if it had instead done what it should have done, this either would have stopped the losses from occurring in the first place or helped to mitigate the losses once notified of the potential scam (by retrieving the money for example).*

*The first thing I must bear in mind is that this was a new Monzo account that Ms G had opened only the day before the first transaction was made. So Monzo did not have a history of spending to review to identify whether these were unusual/suspicious transactions for her.*

*Monzo says Ms G's first transaction did trigger a "no match" warning – but this is a general warning shown to consumers when the beneficiary name doesn't exactly match the account details entered. While Ms G doesn't recall this warning, I don't think, in any event this affects the outcome of this complaint. As I've explained further below, there were no indications at*

*this early stage that this might be a scam, so I don't think it ought to have triggered an intervention by Monzo. And this type of alert is unlikely to have caused Ms G any concerns, as the money was going to an account that she, herself, held with C.*

*Secondly, the first few transactions were for relatively small amounts. I appreciate these amounts might be a lot of money for many consumers, but when compared to the thousands of transactions a business like Monzo processes daily – none of them are sufficiently significant figures that I would expect to trigger alarm bells. It is common for many consumers to transfer thousands to their online platform like C quite frequently to trade online and many of these transactions are completely legitimate. So, when assessing if Monzo should have contacted Ms G – I have to bear in mind the information available to Monzo at the time of the event. In the absence of any other concerning factors, I don't think these payment amounts are enough to have prompted an intervention by Monzo.*

*So, like our investigator says, the transactions made between 19 December 2021 to 21 December 2021, were not individually and collectively significant enough, in my view, to have alerted Monzo to something having gone awry.*

*However, on the 22 December 2021, Ms G made the final payment of £5,200, only a day after making a payment of £3,900. By this time, Ms G had collectively made payments of £9,100 in a very short space of time, when prior to this, her payments had been less than £1,000. That said, Ms G had her Monzo account for a very short amount of time. So Monzo would still not have much to go on to determine her typical account activity and what should be regarded as unusual, uncharacteristic or suspicious. I've nonetheless thought about what I think most likely would have happened if Monzo had flagged this transaction as suspicious and contacted Ms G – to discuss what was going on.*

*Having looked at all the evidence provided, I don't think an intervention from Monzo would have, in all likelihood, prevented the loss at that stage and I'll explain why.*

*I can see from the messages between Ms G and the scammers that before sending the final payment of £5,200, Ms G had already become aware that something might be wrong.*

*On 22 December 2022, amongst other messages Ms G says*

*'I was miss lead from the beginning'*

*'Madam I will contact the police'*

*But Ms G still goes on to make the final payment a short time later. I also have to take into consideration that the online community Ms G was a member of, had also substantiated Ms G's belief that she'd make huge sums in profit.*

*Ms G therefore appears to have had some suspicions by this time that she was being scammed, even considering contacting the police. But she continued to send money in the belief she would make a profit like others in her online community had done. If Monzo had contacted Ms G – it could only have discussed its concerns with her and alerted her that this could be a scam. But it would still have been up to Ms G to decide whether to send the money. There is nothing Monzo could have told Ms G that she wasn't already aware of at this point – Monzo could simply have alerted her to the possibility that this could be a scam, but this was something Ms G was already aware of and she continued to send further funds despite this.*

*Given Ms G's affiliation to the group on F that first prompted her to look into this opportunity, the discussions in the group on T – indicating that members were making significant profit,*

*and Ms G's decision to push ahead with the final payment despite her concerns, leads me to conclude that it's unlikely an intervention from Monzo would have prevented Ms G from sending this final payment.*

*So, like our investigator says, I'm therefore not satisfied that Monzo could have prevented the scam at this stage, even if it had intervened (in line with its duty of care).*

*As Ms G sent the money to an account in her name with C, before she sent it off to the scammers' crypto wallets, Monzo couldn't have retrieved the money for her after it was alerted to the scam – so I don't think it could have mitigated her losses at this stage.*

*I'm very sorry Ms G has lost this amount of money and I have no doubt that this has caused her a significant amount of distress. But as I've said above, Monzo was not the perpetrator of the scam, and I don't think it acted incorrectly in not intervening for the first few payments. And even if it had intervened before the final payment, in line with its duty of care, I'm not satisfied that Ms G would have heeded its warnings. So, as it couldn't have, in all likelihood, prevented the loss, I don't think it's fair for it to be held liable for Ms G's losses.*

In the absence of any new points for me to consider, I find no reason to depart from my original findings as set out in my provisional decision. So, whilst I am, again, very sorry that Ms G fell victim to this scam, I'm afraid I'm still of the view that Monzo could not have prevented this scam and so shouldn't be held liable for the losses.

### **My final decision**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 3 August 2023.

Asma Begum

**Ombudsman**