

The complaint

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

Miss G is being represented by a third party. To keep things simple, I will refer to Miss G 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 G received a message from a lady via a popular messaging service she was subscribed to. She explained she had found Miss G's details on a recruitment database. She asked if Miss G was interested in making some investments. Miss G was looking for a job at the time so wasn't surprised at how her details had been obtained and she said she was interested.

Several days later Miss G received a follow up call this time by a person claiming to be called Kevin (X). X explained he worked with a company called GForce and explained Miss G would have her own account and would need to carry out 42 missions from which she would gain profits. She would have to make an initial payment of \$100.

As Miss G had no prior experience of this X allowed Miss G to practice on his account before investing herself.

Initially Miss G saw a profit on her account but soon the profit started to go down and Miss G was told she would have to complete all the missions to receive the profit. After Miss G completed each mission, she was asked to make a further payment and the payment requests were getting higher in value.

When Miss G explained she was unable to gather the funds for the missions X offered to help by topping up the payments Miss G was able to make. Then the payment requests got even higher, and Miss G was unable to make any more payments. X told Miss G she should take out loans and would have to pay it back the money it had helped her with immediately.

At this point Miss G confided in her partner who realised she had fallen victim to a scam.

Miss G made the following payments into the scam:

Date	Payee	Payment Type	Amount
23 June 2022	Individual's account	Debit Card	£70.21
23 June 2022	Individual's account	Debit Card	£90.27
24 June 2022	Banxa	Debit Card	£200.00
26 June 2022	Individual's account	Transfer	£450.00
26 June 2022	Individual's account	Debit Card	£97.29
26 June 2022	Individual's account	Debit Card	£41.22

26 June 2022	Individual's account	Debit Card	£409.22
27 June 2022	Individual's account	Debit Card	£100.30
27 June 2022	Individual's account	Debit Card	£12.39
28 June 2022	Individual's account	Debit Card	£2,507.50
28 June 2022	Individual's account	Debit Card	£2,565.17
28 June 2022	Individual's account	Transfer	£1,973.64
28 June 2022	Individual's account	Debit Card	£4,513.50
28 June 2022	Individual's account	Transfer	£927.32
28 June 2022	Individual's account	Transfer	£615.25
28 June 2022	Individual's account	Transfer	£214.00

Our Investigator considered Miss G's complaint and thought it should be upheld in part. Monzo agreed, but Miss G 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 G has fallen victim to a cruel scam. The evidence provided by both Miss G and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Miss G lost due to the scam.

Recovering the payments Miss G made

Miss G made payments into the scam via the methods of debit card payment and transfer.

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.

In this case Miss G knowingly purchased cryptocurrency via a legitimate cryptocurrency exchange each time she made a card payment, and this service was provided to her. The scam took place when Miss G moved her purchased crypto to X. Therefore, the chargeback option would not have been available to her as her dispute is with X, not the payees that received her payments. Miss G doesn't dispute receiving crypto in exchange for her payments – so any chargeback attempt would likely fail.

For payments made by transfer Monzo has limited options available to it to recover funds.

I have considered whether Miss G should receive a refund for the payments she made by transfer in accordance with the CRM Code. But the CRM Code only applies when domestic payments (as the result of a scam) are sent to another person. Here Miss G sent payments to individuals to purchase crypto via a legitimate crypto exchange and she received that purchased crypto. The scam occurred when she moved her purchased crypto to X. So, I'm satisfied the CRM Code wouldn't apply in this scenario.

Should Monzo have reasonably prevented the payments Miss G made?

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

Miss G initially made relatively small payments into the scam that I don't think would have reasonably triggered Monzo's fraud prevention systems. Although by the time Miss G had made the second payment on 28 June 2022 (£2,565.17) into the scam she was making her 11th payment in just six days. This payment also meant she was now paying more than £5,000 out of her account in a single day. So, I think this payment should have triggered Monzo's fraud prevention systems prompting it to step in and question Miss G about the payments she was making.

Had Monzo stepped in I have seen no reason why Miss G would not have been honest about the reasons behind the payments she was making and with this type of scam being relatively common I think it's likely Monzo would have uncovered the scam preventing any further loss to Miss G.

Did Miss G contribute to her loss?

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation on the basis that Miss G should share blame for what happened. Miss G started what she thought to be a job without signing any form of employment contract, having been contacted out of the blue via a messaging service. If Miss G had carried out a search on the business she had been offered employment with at any time she would have seen that the business did not offer the type of employment she was recruited for. So, I think Miss G should have done more to prevent her loss.

I think it would be fair to reduce compensation by 50% on the basis that Miss G should share some blame for what happened.

Putting things right

I've explained why I think if Monzo Bank Ltd had done what it reasonably ought to have done, Miss G would not have lost out as much as she did to this scam.

Monzo Bank Ltd should refund Miss G the payments she made into the scam from the second payment (£2,565.17) on 28 June 2022 less 50%.

To compensate Miss G for having been deprived of this money, Monzo Bank Ltd should also pay Miss G interest on the loss at the same rate as her savings account where the payments were funded from per year, calculated from the date they were paid, to the date of settlement.

My final decision

I uphold this complaint and require Monzo Bank Ltd to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 18 January 2024.

Terry Woodham
Ombudsman