

The complaint

Mr R complains that Monzo Bank Ltd (Monzo) is refusing to refund him the amount he lost as the result of a scam.

What happened

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

In summary, Mr R joined a popular dating site in early June 2022 and started talking to a third party I will call X. Mr R and X moved their conversation from the dating site to WhatsApp where they exchanged further messages and got to know each other.

X explained she had made lots of money investing in cryptocurrency and showed Mr R screenshots of the profits she had made. X explained she was working for a company called Coinbase 73 (Y) and convinced Mr R that he could also make money by investing.

X guided Mr R to setup accounts with various cryptocurrency exchanges from which he was guided to buy cryptocurrency and transfer to his crypto wallet. Mr R also tells us he clicked on a link sent by X which unbeknown to him had given X access to his crypto wallet.

Mr R was led to believe he was making substantial profits from the investments but when he requested a withdrawal X told him he would have to make further payments first.

Mr R made payments into the scam via several accounts. The following are the payments Mr R made from his account with Monzo:

Date	Payee	Payment Method	Amount
22 June 2022	CB Payments Ltd	Card Payment	£500.00
23 June 2022	CB Payments Ltd	Card Payment	£400.00
28 June 2022	Coinclan	Faster Payment	£6,181.00
29 June 2022	Coinclan	Faster Payment	£26.00
29 June 2022	Coinclan	Faster Payment	£548.00
1 July 2022	Coinclan	Faster Payment	£3,507.29
2 July 2022	Coinclan	Faster Payment	£9,935.87
2 July 2022	Coinclan	Faster Payment	£9,935.87
3 July 2022	Coinclan	Faster Payment	£14,840.29
4 July 2022	Coinclan	Faster Payment	£11,656.37
5 July 2022	Coinclan	Faster Payment	£20,000.00
6 July 2022	Coinclan	Faster Payment	£25,000.00
7 July 2022	Coinclan	Faster Payment	£9,999.91
8 July 2022	Coinclan	Faster Payment	£9,980.00
9 July 2022	Coinclan	Faster Payment	£9,980.00
11 July 2022	Coinclan	Faster Payment	£9,950.73
12 July 2022	Coinclan	Faster Payment	£9,975.00
13 July 2022	Coinclan	Faster Payment	£9,969.19

14 July 2022	Coinclan	Faster Payment	£9,994.11
18 July 2022	Coinclan	Faster Payment	£9,959.76
19 July 2022	Coinclan	Faster Payment	£9,927.76
20 July 2022	Coinclan	Faster Payment	£9,967.68
21 July 2022	Coinclan	Faster Payment	£7,764.94
22 July 2022	Coinclan	Faster Payment	£9,990.46
23 July 2022	Coinclan	Faster Payment	£6,355.40
30 July 2022	Skrill Ltd	Faster Payment	£100.00
30 July 2022	Coinclan	Faster Payment	£9,800.00
31 July 2022	Coinclan	Faster Payment	£7,879.46
4 August 2022	Coinclan	Faster Payment	£9,935.95
5 August 2022	Skrill Ltd	Faster Payment	£1,000.00
5 August 2022	Skrill Ltd	Faster Payment	£9,000.00
6 August 2022	Skrill Ltd	Faster Payment	£10,000.00
8 August 2022	Skrill Ltd	Faster Payment	£10,000.00
9 August 2022	Skrill Ltd	Faster Payment	£9,100.00

It became clear Mr R had fallen victim to a scam when X stopped communicating with him.

Our Investigator considered Mr R's complaint but didn't think it should be upheld. Mr R disagreed, 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 Mr R has fallen victim to a cruel scam. The evidence provided by both Mr R and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Mr R lost due to the scam.

Recovering the payments Mr R made

Mr R made payments into the scam via his debit card and the method of transfer. When payments are made by card the only recovery option Monzo has is to request a chargeback.

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.

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

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Mr R'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 doesn't give rise to a valid chargeback claim against the merchants Mr R paid.

When payments are made by the method of transfer Monzo has limited options available to it to recover them. In these circumstances Monzo would only have been able to contact the receiving merchant to request a refund if any funds remained. But Mr R was sending funds to his own accounts at cryptocurrency exchanges and these funds were then moved on. So, Monzo would not have been able to recover the payments.

With the above in mind, I am satisfied that Monzo had no reasonable options available to it to recover the payments Mr R made into the scam.

Should Monzo have reasonably prevented the payments Mr R made?

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

The first two payments Mr R made into the scam from his Monzo account were for relatively small amounts. But the third payment Mr R made was for the higher value of £6,181. This payment was for a significant value that I think ought to have triggered Monzo's fraud prevention systems, prompting it to step in and question Mr R about the payments he was making.

But even if Monzo had stepped in and questioned Mr R about the payments I don't think it would have made a difference. I say this because, as I said above, Mr R sent payments in relation to the scam from several different accounts. Mr R has also raised complaints against those other account providers, and they have provided information in relation to the payments sent from those accounts.

One of the other banks Mr R has sent payments from has sent 19 call recordings of conversations that took place between it and Mr R. I have listened to each of the recordings provided.

Mr R was asked by the other bank on several occasions if there was any third party involved in the payments he was making and he said there wasn't. This was false information, as Mr R has confirmed to us that X had helped him with the investment.

It's clear from the many calls that took place that Mr R was becoming very frustrated with the payments being blocked and explained several times that he was not being scammed. Mr R even went as far to say how could he be scammed if it was only him involved in the payments he was making?

In addition to this the other bank invoked the banking protocol and required Mr R to speak to the police before it would send any further payments. But even after speaking with the police Mr R was still willing to make payments into the investment.

Mr R has told us he gave false information when making the payments as he feared losing

his money altogether if the payments didn't go through.

I understand Mr R feels Monzo should have done more to prevent the scam taking place. But considering the above, I think Mr R has shown he was willing to give false information to make sure the payments he was making were processed so I think it's very unlikely Monzo had any chance of uncovering the scam even if it had stepped in and questioned Mr R about the payments.

I don't think Monzo missed an opportunity to uncover the scam, so it is not responsible for Mr R's loss

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 February 2024.

Terry Woodham
Ombudsman