

The complaint

Miss A complains that Monzo Bank Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In late 2022, Miss A was looking for work and had applied for a number of jobs. She then received a text message from someone who said they worked for a recruitment company, saying they had a company with a number of vacancies and asking if they could get the person in charge to contact her. Miss A agreed and then received a message from someone who said they worked for a data company, with details about a job.

Miss A was told the job involved completing tasks and that she would earn commission for each set of tasks completed. The person messaging her then showed her how to open an account with a cryptocurrency exchange, buy cryptocurrency, and then use the cryptocurrency to fund the tasks she was being given to complete. And over the next few days, Miss A made a number of payments from her Monzo account to buy cryptocurrency, which was then sent on to wallet details the data company gave her.

I've set out the payments made out of Miss A's Monzo account below, as well as some credits she received:

Date	Details	Amount
18 December 2022	To 1 st bank details	£43
18 December 2022	To 1 st bank details	£12
19 December 2022	To 2 nd bank details	£17
19 December 2022	To 2 nd bank details	£90
19 December 2022	Credit from data company	£152.67 credit
20 December 2022	To 3 rd bank details	£500
20 December 2022	To 4 th bank details	£900
20 December 2022	To 5 th bank details	£100
20 December 2022	To 5 th bank details	£2,600
21 December 2022	To 5 th bank details	£3,850
24 December 2022	To 6 th bank details	£100
25 December 2022	To 7 th bank details	£60
25 December 2022	To 7 th bank details	£60
14 January 2023	Credit from 6 th bank details	£84.29 credit
15 February 2023	Recovered from 7 th bank details	£120 credit

Unfortunately, we now know the data company was a scam. The scam was uncovered when the data company told Miss A she needed to pay in an extra £10,000 in order to continue being given tasks and access the money she was making. Miss A said she didn't have the money for this and, when she couldn't borrow the money, the data company stopped responding to her. Miss A then reported the scam to Monzo and asked it to refund the money she had lost.

Monzo investigated but said it didn't think she had taken reasonable steps to check who she was paying or what for. So it didn't agree to refund the money she had lost. Miss A wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Monzo should have intervened before allowing Miss A to make the ninth payment she made, and so it should bear some responsibility for her loss. But they also thought Miss A should have been concerned by what she was being told. So they thought it would be fair for Monzo to refund 50% of the money Miss A lost, from the ninth payment onwards. Monzo disagreed with our investigator, so the complaint has been passed to me.

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.

Are the payments Miss A made covered by the CRM code?

I've first considered whether the CRM code applies to the payments Miss A made as a result of this scam.

The Lending Standards Board Contingent Reimbursement Model (the CRM code) is a voluntary code which Monzo has said it is committed to applying the principles of. It sets out a number of circumstances in which firms are required to reimburse customers who have been the victims of certain types of scam. But it only covers certain types of payments where a customer paid funds to another person for what they thought were legitimate purposes, but which were in fact fraudulent.

Miss A has said the payments she made were to buy cryptocurrency, which was then sent to a number of different electronic wallet details the data company gave her. I recognise that she only did this under the direction of the scammers. But the purchase of the cryptocurrency itself appears to have been genuine, as Miss A appears to have actually bought cryptocurrency before sending it on to the scammers. So the way the CRM code is written means that I don't think it applies to these payments.

Did Monzo do enough to protect Miss A?

Banks are expected to make payments in line with their customers' instructions. And Miss A accepts she made the payments here. So while I recognise she didn't intend for the money to go to scammers, she did authorise the payments. And so the starting position in law is that Monzo was obliged to follow her instructions and make the payments. So Miss A isn't automatically entitled to a refund.

Even though I don't think the payments Miss A made are covered by the CRM code, the regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is

particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.

- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Monzo should have identified that Miss A was potentially at risk of fraud as a result of these payments.

The first few payments Miss A made here weren't for what I'd consider to be particularly large amounts, and didn't leave the balance of the account at particularly unusual levels. And so I think it's reasonable that Monzo didn't identify a risk of fraud as a result of these first payments.

But once Miss A tried to make the ninth payment here, for £3,850 on 21 December 2022, I think Monzo should have identified a risk. This payment was for a significantly larger amount. And at this point Miss A had made a number of payments to a number of different accounts within a few days, totalling a considerable amount of money. And the amounts were increasing over time – which matches a pattern of payments often seen in scam cases. So I think Monzo should have identified that she was at risk of financial harm from fraud at this point and intervened to carry out additional checks before allowing the payment to go through.

It's not for our service to dictate the checks Monzo should do or the questions it should ask. But banks should take steps designed to protect their customers from the risk of financial harm. And, in these circumstances and given the size of this payment, I think it would be reasonable to expect those checks to include questions about the purpose of the payment and then follow-up questions about the work Miss A thought she was doing.

While Miss A had been asked to say at least one of the payments was for friends and family, she was told this was the policy of the person selling her the cryptocurrency. I haven't seen clear evidence that she was asked to mislead Monzo any further or to hide that she was ultimately paying for a job she was doing. So, if asked, I think it's likely Miss A would have told Monzo the payment was for a job she was doing. I think Monzo should then have asked further questions about the job, such as what the work was, how she had been contacted about it and why she was having to pay to carry out the work. And I think Miss A would then have said she was completing online tasks for a data company, she'd been contacted about the job via an instant messaging app and had to buy cryptocurrency to funds the tasks she was then doing. And as there are a number of things here which sound suspicious, I think Monzo should then have warned her that she was likely the victim of a scam.

If Monzo had warned Miss A that she was likely the victim of a scam and given her some advice on how to avoid scams, such as trying to withdraw all her money, checking the company employing her was registered on the government database on limited companies or asking for some record of her employment, I think the scam would have been uncovered and Miss A wouldn't have made any further payments.

So if Monzo had done more to protect Miss A, as I think it should have, I don't think she would have made this ninth payment or any of the later payments. And so I think Monzo should therefore refund the money she lost as a result of this scam, from the ninth payment onwards. As Miss A has now been without this money for a period of time, I think Monzo should also pay her compensatory interest at the rate of 8% simple a year from the date of the payments until the date they are refunded.

Should Miss A bear some responsibility for her loss?

I've also considered whether Miss A should bear some responsibility for the loss she suffered. And while I appreciate this was a sophisticated scam where she spoke to several different people and had been given an app to download and monitor her tasks and earnings, I think there were a number of things about what she was told or what was happening that should have caused Miss A significant concern.

She doesn't appear to have received a contract or any other documents relating to her employment by the data company. All the contact she had with the company was through an instant messaging service, which isn't what I'd expect from a professional company. And she was told she had to pay upfront before she could do any work for the company, which I think is unusual – particularly for the kind of work she thought she was doing. And so I think these things should all have caused her some concern.

Miss A also doesn't appear to have done significant checks into who the data company was, or whether the people she was speaking to were actually connected to the company. And given the amount of money she was sending them, I think it would be reasonable to expect her to have done more checks into these things before going ahead.

The amount Miss A was told she could earn was quite high for what appears to be relatively little and relatively straightforward work. So I think this should have caused her some concern that what she was being told was too good to be true.

Miss A was also told all the payments to and from the data company had to be made in cryptocurrency, which is very unusual. And she was asked to mislead Monzo about the purpose of at least one of the payments she made, by saying it was for friends and family. And I think these things should have caused Miss A significant concern.

I sympathise with the position Miss A has found herself in. But I think there were a number of things here which should have caused her significant concern, and I don't think she did enough to satisfy those concerns or that the seemingly genuine parts of the scam should have been enough to overcome them. So I think it would be fair and reasonable for her to bear some responsibility for the loss she suffered.

I therefore think both Miss A and Monzo should bear some responsibility, and so it would be fair for Monzo to refund 50% of the money Miss A lost – from the ninth payment onwards.

As Miss A received a credit into her account from the account she sent the tenth payment to, I think it would be fair to deduct the amount of this credit from the amount she lost. And as the eleventh and twelfth payments she made were returned to her account, I also think it would be fair to deduct these from her loss too. Miss A's loss from the ninth payment onwards is therefore £3,865.71, and so Monzo should refund 50% of this – or £1,932.86.

My final decision

For the reasons set out above, I uphold this complaint in part and require Monzo Bank Ltd to:

- Refund Miss A 50% of the money he lost, from the ninth payment onwards – totalling £1,932.86

- Pay 8% simple interest a year on that refund, from the date of the payments until the date of the refund

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 December 2023.

Alan Millward
Ombudsman