

## **The complaint**

Mr B complains that Monzo Bank Ltd will not refund money he lost to an investment scam.

For the purposes of this decision, all reference to Mr B includes his representative.

## **What happened**

This complaint concerns a series of payments that Mr B attempted in September 2021, towards what he thought was a genuine investment venture. The instructed payments were intended to go to currency exchange platforms.

At first, Mr B attempted to make payments to one platform — but these were not allowed by Monzo, in keeping with its transaction protocols. So, Mr B tried a payment to a different website (which I'll refer to as 'M') which was successful. This was for £688.04 on 22 September 2021.

Mr B made the payment because he was interested in investing profitably online. He'd been contacted by an individual through social media that claimed to have profited from a scheme, and so Mr B decided to try it himself. In order to begin investing, Mr B was told that he first needed to send money to be exchanged, which is why he made the payment to M (as this is understood to have been M's nature of business). From there, Mr B was directed to send the money onwards to a separate website.

Mr B later realised that this was all an elaborate scam, and that once the money had been transferred from M, it was actually sent to scammers — there was in fact no investments made at all. Rather, his money was stolen.

When he raised this with Monzo, the bank concluded that it was not liable for the loss Mr B incurred. Unhappy with this, Mr B referred the complaint to our service. Having reviewed what happened, our investigator did not recommend that Monzo return the money to Mr B.

Mr B does not accept this. He maintains that the bank ought to have identified that he was being scammed and rejected the payment. Because Mr B is not in agreement, the case has been escalated to me to decide.

## **Provisional decision**

I issued a provisional decision on this case on 18 July 2023. I have copied the findings section of my decision below:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so, and while I am sorry to disappoint Mr B, I have reached the same outcome as our investigator — albeit for different reasons. Based on what Mr B has submitted, what's left for me to determine is whether Monzo ought to return the £688.04 he remitted to M on 22 September 2021. My proposed decision is, therefore, focused on this matter alone.*

*I'm aware that I've condensed events in less detail than they were presented. I can assure the parties that I have nonetheless read everything that's been submitted and taken it into consideration when making my decision.*

*So, if there is a particular piece of evidence or point that I don't refer to, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. I hope Mr B and Monzo do not take this as a discourtesy; it's just a reflection of the informal nature of our service.*

#### *the Contingent Reimbursement Model ('the CRM code')*

*Our investigator considered the expectation for Monzo to apply the provisions of the Contingent Reimbursement Model ('the CRM code'). The CRM code has been in place since May 2019 and applies to Authorised Push Payments ('APP') scams.*

*In short, its main aim is to provide greater protection for consumers through payment service providers' procedures to detect, prevent and respond to APP scams. It was pursuant to this that our investigator considered whether Monzo ought to reimburse some or all of Mr B's loss.*

*However, upon acquiring further evidence from Monzo, it's since been confirmed that Mr B made the disputed payment using his Monzo debit card. The CRM code does not apply to transactions performed using debit, credit or prepaid cards (amongst other things).*

*Meaning that, whether Monzo should refund Mr B would not be dependent on the CRM code, but instead rests on whether the bank should reimburse the money based on other obligations or good practice. Hence, why I've considered what Monzo should have done, taking into account the relevant rules, codes and best practice (aside from the CRM code).*

#### *relevant considerations*

*In broad terms, the starting position is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.*

*Still, there are some situations where we believe that banks ought to have been on alert or notice that something wasn't right about the circumstances surrounding a transaction. It therefore can be a reasonable expectation for a bank such as Monzo to double-check payment instructions that ought reasonably to 'trigger' concerns as to whether they are unusual or uncharacteristic for a consumer.*

*With that said, I must bear in mind that there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate transactions. Indeed, delaying a payment instruction could lead Monzo to breach the relevant regulations.*

*Having considered the particular circumstances of this case, I do not think it would be reasonable to expect Monzo's systems to have been triggered by the authorised payment in dispute. There is a lack of persuasive evidence that this transaction was significantly unusual or uncharacteristic compared with Mr B's normal account activity in recent times.*

*All things considered, I am not persuaded that it represented a significant deviation from Mr B's typical expenditure, nor what is a sufficiently suspicious account movement that leads me to believe that Monzo ought to have taken further measures to enquire with Mr B before the funds left the account. When judging this, I have duly borne in mind that Mr B did not use his Monzo account that regularly, meaning there was somewhat limited data for the bank to work from when denoting what is and isn't regular and expected expenditure-wise.*

*What's more, at the time of the payment, the payee Mr B paid directly was not recognised as being a high risk according to the well formulated watchlists that Monzo ought to take notice of. Consequently, I don't think the bank could have known that these payments were being sent to a scammer. With this in mind, there were not sufficient grounds for the payments to be delayed.*

*Besides that, Monzo's evidence shows that the transaction was verified by Mr B using chip and PIN, or by Mr B entering a passcode that was sent to his registered device as part of its 3D security system. The bank has explained that it took this precautionary measure to ensure that Mr B authorised the payment — and the positive response it received confirmed he did.*

*These procedures meant that, in order for the payment to go ahead, someone would have had to have been able to access Mr B's debit card, know his PIN and be able to access (and unlock) his mobile device to enter the relevant passcode. Otherwise, the payment would not have been allowed by Monzo. As I see it, Monzo's 3D security system provided a proportionate response to this particular payment instruction. To put it another way, I do not find it reasonable to require Monzo to have taken further precaution with this payment.*

*My intended findings are reinforced by the multiple transactions that Monzo did not permit to leave Mr B's account that were attempted in the days leading up to this c.£700 payment. Again, we know that Monzo enacted its 3D security check and it did not receive the necessary response from Mr B on those occasions.*

*In other words, the bank checked for authentication and Mr B did not follow the required steps — therein, stopping the payments from proceeding. Whereas, when Mr B did follow Monzo's security check, Monzo permitted the transaction to be fulfilled. Accordingly, when Mr B made the payment in question, the bank saw no compelling reason to double-check what it knew to be an authorised payment.*

*I've also borne in mind that if banks such as Monzo were to be expected to intervene with every payment of a similar size to the one being debated here (which had a value of less than £700) it could risk grinding the banking system to a halt.*

*Taking everything into consideration, I do not think Monzo ought to have stepped in or taken further action before this payment was completed. Overall, I'm not satisfied Monzo failed to identify a suspicious transaction, or an untoward recipient, that might have indicated fraud or financial abuse was being attempted. To that end, I'm not minded to conclude that Monzo acted unfairly or unreasonably here.*

### ***My provisional decision***

*For the reasons given above, I intend not to uphold this complaint.*

### **Responses to my provisional decision**

Mr B acknowledged my provisional findings and had no further submissions to make. Monzo did not respond. It follows that there is no new evidence or arguments for me to consider.

Now that both parties have had the opportunity to make their final representations, the case has been returned to me for review.

### **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.

Given that Mr B nor Monzo presented any further evidence for me to consider, I see no reason to depart from my intended decision. To that end, the way in which I was minded to decide the complaint remains the same.

### **My final decision**

For the reasons given above and before, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 September 2023.

Matthew Belcher  
**Ombudsman**