

The complaint

Mr G complains that Monzo Bank Ltd (“Monzo”) refuses to refund his losses after he fell victim to a scam. Mr G has a representative assisting him with his complaint.

What happened

Mr G’s friend had come across an investment opportunity and showed Mr G the investment company website and a page on a popular social media platform. He informed Mr G that the investment opportunity had been endorsed by a famous celebrity and had a large following. Mr G’s friend informed him that his own trading account showed significant profit from the investment that he’d made.

Mr G made an enquiry on the scam company website and then received call from scammer to discuss the opportunity. The scammer at one point suggested Mr G would be mortgage free in a month.

Mr G says he downloaded “anydesk” and the scammers guided him through the process of setting up a new account with Monzo. He was then directed to transfer £10K from his main bank account (which I’ll call bank A) to his Monzo account. The money was subsequently transferred to a cryptocurrency exchange (which I’ll call S).

Mr G says the scammer bought bitcoin from his account with S and helped him deposit this into scammers wallet so the scammers could start trading.

Mr G was later contacted by his friend who told him he hadn’t been able to withdraw his money and was informed by the scammer that he needed to invest more money to secure his original investment. Mr G then tried to withdraw his own money but was informed of the same – that he needed to invest more to save his investment. At that point Mr G realised that he’d been scammed. He has since been unable to recover any amounts owed.

Mr G then asked Monzo to refund the money he had lost saying it ought to have intervened and had it done so, it would have discovered the scam and prevented the loss.

Monzo says Mr G opened the Monzo account on 21 April 2022 and transferred £10K from bank A to his account with Monzo. He then tried to send the money to S. Monzo said it initially showed him a warning and then stopped the payment. After discussing the purpose of the payment with Mr G via an in-app chat function, Monzo then processed the payment. Monzo says it asked appropriate questions, but Mr G’s answers didn’t enable it to discover the scam. Monzo felt it had done nothing wrong and should not be held liable for the loss.

The complaint was reviewed by one of our investigators. She felt that Monzo correctly intervened before the payment was processed, asked appropriate questions – but Mr G wasn’t completely forthcoming with his answers. Therefore, Monzo did not discover the scam and could not tailor any warnings to the specific scam that Mr G fell victim to. So, she didn’t think Monzo should bear the loss in this case.

Mr G (through his representative) replied saying he recalls no discussion with Monzo and Monzo must've spoken to the scammer. Mr G said at times, his screen would go black while the scammers were "*playing about*" with his device. And in any event, given the sum in question, they feel the intervention was insufficient, as Monzo ought to have called him rather than discussed this with him via an in-app chat function. They feel that if Monzo had called him, it would have discovered the scam and prevented the loss.

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

In my provisional decision of 10 August 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. Neither Monzo nor Mr G made 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:

currently I don't intend to uphold this complaint for broadly the same reasons as our investigator, and I'll explain why.

To begin with, where customers authorise payments from their accounts, businesses such as Monzo are under an obligation to process such transfers. If consumers are the victim of a scam (like Mr G), the starting point is that consumers are responsible. To be clear, Monzo did not scam Mr G and it is not the perpetrator of the scam.

However, financial businesses also have a duty to try to prevent their customers falling victim to scams. Businesses therefore need to strike a balance between intervening in payments to prevent scams or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

Whether a payment is (or ought to have been) deemed unusual or suspicious will depend on a number of factors and is very specific to each case. The degree and type of intervention we can expect a business to consider, will again depend on the specific facts of each case. The first thing I must bear in mind is that this was a new Monzo account that Mr G had only recently opened and the scam payment in question is the only payment made out of the account. So Monzo did not have a history of spending to review to identify whether this was an unusual/suspicious transaction for Mr G and had little insight into Mr G's regular expenditure.

Nevertheless, I can see that given the amount of money in question, Mr G was shown a general warning informing him that this could be a scam. Mr G proceeded to make the payment anyway and at this point the payment was stopped and Monzo intervened to discuss the payment with Mr G via an in-app chat function.

I understand Mr G says that he doesn't recall discussing this payment with Monzo, and that it was likely the scammer that Monzo was speaking to. He also didn't have any experience using his Monzo account or the in-app chat function. He says the screen went black at points when the scammer had control over his device.

However, when Mr G first referred his complaint to this service, while he did say that the scammers used a remote access token to help guide him with opening his accounts, he did

not mention the screen going black for periods of time when he couldn't see what the scammers were saying/doing. I think if this has happened, Mr G likely would have mentioned it as part of detailed submission to his complaint. He also did not mention that these payments weren't made by him. In fact, the letter of complaint says:

"Shortly after receiving the money in his Monzo account, he then paid the £10,000 (22/04/22) to a newly setup [S] account as instructed by the scammers, which the fraudsters had also set up for him."

This indicates that Mr G made the transfer himself. I don't think it's likely that Mr S logged in to his Monzo account and made the transfer but was unaware of the warning given by Monzo or that he was unaware the payment had been stopped, even if he was being assisted by the scammers via remote access. I'm afraid I'm not satisfied that Mr G wasn't party to the conversation, even if he was being guided by the scammers. It may be that he has since forgotten this interaction, but I think it's unlikely that the scammers had this conversation with Monzo and Mr G was completely oblivious to that interaction like he claims, when he's also claimed he made the transfer himself.

During the conversation, I can see Monzo asked Mr G a series of questions such as why he didn't make the transfer to S directly from bank A, if he'd previously made any cryptocurrency investments, what research (if any) he'd carried out, and whether he had been given any guidance or advice, for example on social media. Monzo also asked him to confirm which cryptocurrencies he was going to purchase and proof of any purchases he had made prior to this.

Mr G replied saying that bank A did not like transfers to cryptocurrency exchanges, that he had done a lot of research, that he'd only received help from a friend who was experienced in trading in cryptocurrency. He went on to confirm the specific cryptocurrencies he was going to purchase and also confirmed that while he had traded before, he could no longer provide evidence of this as he had traded some years earlier and didn't have access to this evidence.

On the back of Mr G's answers, Monzo did not identify the scam and then could not give him a specific warning or stop him from sending the payment and the payment was then processed.

I understand Mr G's representatives feels this intervention was insufficient as it ought to have called him rather than used an in-app chat function. But I disagree. As I explained earlier, any intervention has to be proportionate to the risk presented. Monzo did not have a lot of information about Mr G and the only risk factor present here was the sum itself. So, I think it's appropriate for it to have intervened like this and probed to see if there were any other risk factors present here that might've led it to take further preventative action.

Monzo was told that Mr G had traded before, that he hadn't been contacted by anyone other than a friend who was an experienced trader, that he'd carried out a lot of research and knew the specific cryptocurrencies he wanted to purchase. He didn't mention anything about the social media endorsement by a famous celebrity or that he was being guided by the scammers. I think Monzo asked appropriate questions and Mr G's answers did not divulge anything that warranted further preventative action.

Even if the scammers had been coaching Mr G or answering the questions for him, I don't think this means Monzo's intervention was lacking. It was Mr G who gave remote access to the scammers, and its likely whatever questions Monzo asked, the scammers would have been able to answer them so as to not cause any alarm (whether this was by directly responding to Monzo or by coaching Mr G.) And I reiterate, for the reasons explained above,

I am still satisfied that it's more likely Mr G was aware of this interaction, and I think that Monzo's intervention was reasonable.

As Mr G sent the money to an account in his name with S, before he sent it off to the scammers' cryptocurrency wallets, Monzo couldn't have retrieved the money for him after he became aware of the scam – so I don't think Monzo could have mitigated the loss at this stage.

So, I don't think there's enough here for me to make a reasonable finding that Monzo failed in its duty of care towards Mr G. I think it correctly intervened before processing the payment and carried out an intervention that was proportionate based on the available information it had but wasn't able to prevent the loss. So, while I am very sorry Mr G lost this amount of money, I don't think Monzo should be held liable for the losses in this case.

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, for the reasons set out in my provisional decision (and above), I don't uphold this complaint.

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 Mr G to accept or reject my decision before 3 October 2023.

Asma Begum
Ombudsman