

## The complaint

A limited company 'C' complains that Monzo Bank Ltd didn't do enough to prevent the loss they suffered when they sent money to a Monzo account as a result of a scam.

C has used a representative to bring the complaint, but for ease of reading, I'll mostly just refer to C rather than the representative.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In September 2021 C was the victim of a scam. C sent a payment to a Monzo account, believing it to be for the supply of goods from an online retailer 'B' – but later learned that this was all a scam. The payment in question credited the Monzo account as £15,588 on 2 September 2021. The payment was sent from C's account with its own bank which is based outside the UK.

Monzo say that in November 2021 they received an email from C's representative informing them that the payment received by their accountholder was as a result of a scam. They also later received notification from C's bank requesting a recall of the funds.

Ultimately Monzo declined to provide any reimbursement or to share further information about their accountholder. The complaint was considered by our service and one of our Investigators didn't recommend it should be upheld. C didn't accept this outcome and asked for an Ombudsman to make a decision.

In November 2023 I issued a provisional decision in which I said:

*"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, I've reached the same outcome as our Investigator and for largely the same reasons. I know this will be disappointing for C, so I'll explain why. But as I'm providing a greater level of detail, I'm issuing this provisional decision to give everyone a further opportunity to comment before finalising my decision.*

*Firstly, I accept that C have been the victim of a scam. But that doesn't automatically entitle them to a refund from the bank that received their funds. It would only be fair for me to direct Monzo to make a payment to C, if they are responsible for failures that otherwise would have prevented the loss.*

*I also understand that C are unhappy with the level of detail our service has provided. And they are likely to remain unhappy with the detail contained within my decision. Our service is able to accept evidence in confidence to allow us to perform our function (informal complaint resolution). But it doesn't follow that we are able to share a third party's personal information directly with C. Neither can we share potentially commercially sensitive information (which includes some of Monzo's internal policies).*

*Here, I can see that Monzo correctly followed its process when opening the recipient account. I've seen a copy of the valid UK driving licence that they took along with a still from the video selfie provided by the accountholder. So I'm satisfied Monzo took appropriate proof of identity from their customer, and I don't think at the time of opening the account they reasonably could have known that the account would later be used in connection with a fraud or scam. So, I don't think C's loss was caused by anything Monzo did regarding the opening of the account. C seem to believe that the account Monzo opened was in the name of B (the business that the scammer was impersonating), but I can confirm that wasn't the case and the recipient account was a personal account in the name of an individual. So whilst C have suggested that account opening requirements are more stringent for a business, that doesn't apply here as the account was not a business account.*

*I've also looked at the activity on the account and have considered Monzo's obligations to monitor the same. Following the arrival of C's funds in the account, there was an outgoing payment of around £4,000. This triggered an intervention by Monzo's account monitoring system. They asked their customer about the incoming payment. They were told that this was for an international sale of electrical goods, and some evidence was provided showing where their customer had sourced those goods. Monzo have been able to show us the text messaging between them and their customer around this but not the images that were included.*

*Following on from this, Monzo accepted what they had been told and allowed the account to continue. C's remaining funds were then spent in the week or two that followed (and they were all certainly spent by the end of September 2021).*

*I don't think this was unreasonable. Monzo correctly identified potentially suspicious activity. And I think the decisions taken at the time were reasonable based on the information available to them. The scammer was able to convince C to part with a significant sum of money and this was a scam with a certain level of sophistication. I think, on balance, it's most likely in these specific circumstances that even if Monzo had asked for more, it would've been provided. The evidence is clear that the accountholder was prepared to engage with Monzo and to provide evidence to support their version of events. Part of the online chat from the time with Monzo included the accountholder saying: "If you need any further information just ask... Maybe if we had a phone call this would be resolved a lot sooner."*

*I note that the 'fake' invoice included that the account name was 'B', the business being impersonated. But I've not seen any evidence stating that B were the intended beneficiary amongst the information transmitted with the payment. That's not to say it wasn't and it potentially could be due to C being based in a country whose language doesn't use the same alphabet as the UK. But even if it could be shown that C had included 'B' as the intended beneficiary for the payment, whilst I would agree that this would add to the picture that something was potentially amiss – it wouldn't change my mind overall. I say this because a beneficiary name mismatch doesn't automatically mean that a payment is fraudulent or that it has been made as a result of a scam. It would still require the recipient bank to carry out an investigation and here for the reasons set out above I think its most likely the accountholder would have plausibly explained this to Monzo at the time.*

*The first notification Monzo had of a potential problem with the payment was on 30 November 2021. And in the circumstances of this complaint, until there was a notification of fraud, I don't think Monzo accepting what their customer had said was unreasonable or unfair. I don't think they had sufficient reason to block the account indefinitely at the time they were investigating. And I don't think it's reasonable to expect Monzo to have contacted an international bank in these circumstances to confirm the nature of the payment. Overall, I*

*think Monzo complied with its obligations to monitor the account and I can't fairly say that there were failures which caused C's loss.*

*Monzo have also confirmed that they hadn't received any other notifications of fraud in relation to this account, prior to C's funds being spent. The evidence shows that all of C's funds were spent from the account by the end of September 2021. So when C's rep (and later their bank) reported the fraud, there were no funds remaining to be returned. Given the money was already gone, I likewise don't think there were failures by Monzo regarding recovery efforts.*

*There also isn't any basis upon which I can direct Monzo to share with C where the funds were sent on to / spent, or details of its accountholder. I don't agree with C's suggestion that the 'legitimate interest' basis of information sharing under General Data Protection Regulation (GDPR) means Monzo should share this information directly with C. I'm confident that Monzo would co-operate fully with any police investigation and would respond appropriately to any information requests from the relevant authorities.*

*C make the point that our service has made a public commitment to diversity and equality, and they believe this means that their representatives' costs should be awarded against Monzo. I don't think there is any reasonable basis upon which I can direct Monzo to pay C the costs it has incurred in using a representative to bring the complaint. This was a choice by C, and it is not a requirement to use our service. This is especially the case where I'm not intending to find there were errors by Monzo which caused C's loss. I don't believe this finding to be in conflict with our services stance on diversity and equality.*

*I'm of course sorry to hear C lost so much money to a scam. But as this isn't something I think Monzo are responsible for, I'm not intending to tell them to do more to resolve this complaint."*

C responded to my provisional decision with some comments that I'll address below. Monzo didn't respond.

## **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.

C attached to their response an 'Électronic Advice of Financial Transaction' issued by their bank in relation to the payment that was sent to the Monzo account. This includes various details in both English as well as the language where C are based (which as I've noted above doesn't use the English alphabet). It includes information such as the date, amount, beneficiary (that being B and their address) and details relating to fees and charges. C says that this evidences that information about B being the beneficiary would have been transmitted to Monzo in English, so they would've been aware of this.

I covered in my provisional decision, that even if it could be shown that there was a beneficiary name mismatch, this wouldn't change my mind as to the outcome of the complaint. And nothing C has submitted in response to my provisional decision has persuaded me otherwise. I maintain that, in this case, its most likely the accountholder would have plausibly explained this at the time.

C also suggested I should take account of the fact that the transaction amount was significant, the fact that it was received internationally and the information Monzo held about the accounts' transaction history. I've confirm I've considered all these factors when reaching

my decision. But it isn't in dispute that it was reasonable for Monzo to question the account activity. The evidence supports that they did so.

C again reiterated that they believe their legal fees should be awarded against Monzo. They've highlighted the time taken by our service to reach a resolution and the level of involvement required by their representative. I have nothing to add on this point beyond what I've previously explained in my provisional decision. And I'm not going to make an award against Monzo to cover any fees C have incurred as a result of their decision to use a representative to bring their complaint.

### **My final decision**

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 18 December 2023.

Richard Annandale  
**Ombudsman**