

The complaint

Miss P complains that Monzo Bank Ltd ('Monzo') won't refund money she lost after falling victim to a scam.

What happened

In 2022 Miss P was looking for a nanny job and found a job offer online. She provided her contact information and was contacted by someone who I'll refer to as S, who offered her a job as a travel reviewer. Miss P was required to purchase packages and write reviews in order to receive a commission payment.

In December 2022, Miss P made the following payments as part of the scam. All of the payments were made to cryptocurrency wallets in Miss P's name, held with two separate cryptocurrency exchanges. The funds were then moved onto the scammer from the cryptocurrency wallets.

Date	Transaction detail	Amount
7.12.2022	Payment to cryptocurrency wallet - B	£550.00
8.12.2022	Payment to cryptocurrency wallet - B	£1,149.00
10.12.2022	Payment to cryptocurrency wallet - B	£1,600.00
12.12.2022	Payment to cryptocurrency wallet - B	£400.00
13.12.2022	Payment to cryptocurrency wallet - B	£340.00
15.12.2022	Payment to cryptocurrency wallet - O	£501.00
21.12.2022	Payment to cryptocurrency wallet - O	£550.00
	Total payments	£5,090.00

In January 2023, Miss P became aware it was a scam when the website she was using stopped working. She reported the scam to Monzo and asked them to refund her. While Monzo were investigating her fraud claim, Miss P raised a complaint about how long it was taking for them to give her an answer.

Ultimately, Monzo declined to refund Miss P the funds she lost, but they apologised for the time it took them to look into her claim and paid her £25 compensation.

Miss P wasn't happy with Monzo's response, so she brought a complaint to our service.

An investigator looked into her complaint but didn't uphold it. They said the payments Miss P made weren't unusual or out of character, so they wouldn't have expected Monzo to identify a scam risk or intervene before processing her payments. The investigator felt the £25 paid by Monzo was fair for the poor service she received.

Miss P disagreed with the investigator's opinion and asked for the case to be reviewed by an ombudsman.

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 broad terms, the starting position in law is that Monzo is expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

As the investigator explained, the Contingent Reimbursement Model Code (CRM Code) doesn't apply to this case, as Miss P made the payments to an account in her own name before sending the funds to the scammer. This means I can't consider the payments under the framework of the CRM Code.

But there is an obligation on Monzo to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. In situations where potential fraud is identified, I would expect Monzo to intervene and attempt to prevent losses for the customer.

Having considered the payments Miss P made as part of the scam, I'm not satisfied Monzo should've been concerned or identified her as the potential victim of a scam. I say this because the payments individually were for reasonably low values and were spread out over a two week period. Also, there were two separate payees involved and there wasn't an escalation in the payment size, as we often see when payments are made as part of a scam. So I can't fairly say Monzo should've intervened before following Miss P's payment instructions.

I appreciate that this represents a lot of money for Miss P and that she's been seriously impacted by the loss of the funds. But a balance has to be struck between Monzo identifying payments which could be fraudulent – and then responding appropriately to their concerns – and ensuring minimal disruption to legitimate payments. And based on the circumstances of this case, I can't fairly say that Monzo should've prevented Miss P's loss or ask them to refund her.

Miss P is unhappy with how long it took Monzo to reach an answer on her fraud claim. She raised the claim on 10 January 2023 and was initially told it would take up to 14 days for Monzo to provide their response. On 14 January 2023, Monzo messaged Miss P to say her claim had been sent to a specialist team and it could take up to 15 days for them to contact her, although they could extend that to 35 days if they needed further time. Ultimately, Miss P was given the outcome of her fraud claim on 2 March 2023 which was outside the 35 days Miss P was told. I appreciate that this would've been frustrating for Miss P, but as it was only a few days late I think the £25 Monzo has already paid her is fair compensation.

My final decision

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 3 November 2023.

Lisa Lowe
Ombudsman