

## The complaint

Mr A says Monzo Bank Ltd ("Monzo"), didn't do enough to help when he fell victim to an 'authorised push payment' ("APP") romance/investment scam. He says Monzo should reimburse him for the money he lost.

## What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In summary, Mr A fell victim to a romance investment scam. Mr A met someone through a dating website and, after a period of time, was convinced to invest.

Mr A made the following transfers to a cryptocurrency account in his own name:

<b>Date</b>	<b>Type of transfer</b>	<b>Amount</b>
19/07/2021	Faster payment to own cryptocurrency account	£1,000
05/08/2021	Faster payment to own cryptocurrency account	£1,000
12/08/2021	Faster payment to own cryptocurrency account	£3,030
12/08/2021	Faster payment to own cryptocurrency account	£325
	<b>Total</b>	<b>£5,355</b>

Unfortunately Mr A had in fact been duped by fraudsters. Mr A uncovered that he had fallen victim to a scam when he was unable to withdraw any funds / profits.

Mr A reported the matter to Monzo on 18 May 2022. Monzo looked into things and on 21 May 2022 responded advising it didn't consider it was liable for the losses Mr A incurred. Mr A formally complained through a representative in August 2022 and Monzo issued its final response letter on 18 October 2022, remaining of the opinion that it wasn't liable for the losses Mr A incurred.

Unhappy, Mr A brought his complaint to our service. Our Investigator reviewed the matter and initially didn't recommend the complaint be upheld to which Mr A disagreed. The Investigator then reviewed the matter again and considered that Monzo could have done more to prevent Mr A's losses when he made the payment of £3,030. So they thought Monzo should reimburse Mr A in full for payments three and four. And they didn't think Mr A should share any responsibility for the loss. Mr A agreed with the Investigator's opinion, but Monzo disagreed.

As the matter wasn't resolved, it was referred to me to review and make a final decision on the outcome of Mr A's complaint.

I considered the complaint and issued a provisional decision as I was minded to reach a different outcome to that of our Investigator.

In summary, I considered Monzo's decision not to refund Mr A in this instance was fair and reasonable in the circumstances. I said this because Monzo followed Mr A's instructions to make the transfers and I hadn't seen any reason why it shouldn't have done this. And as the funds Mr A transferred were exchanged into cryptocurrency and moved on, there wasn't anything further Monzo could do to help Mr A recover his funds.

Both parties had until 15 September 2023 in which to respond to my provisional decision and provide any more comments and evidence they wished for me to consider. Monzo confirmed it had received my provisional decision and accepted the findings I had reached. Mr A through his representatives disagreed. Mr A considered the third payment (of £3,030) was suspicious – so Monzo should have done more to prevent the loss at this point. Mr A also raised that Monzo are aware of the higher risk attached to cryptocurrency accounts.

### **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.

Having done so, I see no reason to depart from my provisional findings. I'll reiterate my findings below and will also comment on the additional points Mr A raised.

*"In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.*

*I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Monzo should have done more to prevent Mr A's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.*

*Having thought carefully about Monzo's actions, I'm not intending on upholding Mr A's complaint. I do appreciate how disappointing this will be for him. Mr A was a victim of a cruel scam. But in weighing everything up, I don't think I can fairly say Monzo should reimburse him. I'll explain why.*

*In broad terms, the starting position at law 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.*

*Here, Mr A carried out the bank transfers himself from his Monzo account to his own cryptocurrency account. So it is the case that Mr A authorised all the transfers that are in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr A is responsible for them. That remains the case even though Mr A was the unfortunate victim of a scam.*

*There are times when I might expect a Firm to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, Firms like Monzo have certain obligations to protect customers from fraud.*

*In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr A when he made the transfers, or whether it should have done more than it did.*

*I've thought about this carefully. Having done so, I can't fairly say that any of the transfers Mr A made in relation to the scam would (or should) have alerted Monzo that Mr A was at risk of financial harm, to an extent whereby it should have carried out some additional checks, before processing the transfers. So I don't consider Monzo are liable for the losses Mr A incurred. I'll explain why.*

*I have to be mindful that banks / payment service providers process a high volume of transfers and transactions each day. And Firms have to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests. Mr A made a transfer of £1,000 on 19 July 2021 and then a further £1,000 just over two weeks later on 5 August 2021. I don't consider there is anything unusual or remarkable about the transfers or the amounts that ought to have alerted Monzo to the possibility Mr A was being scammed or was at risk of financial harm. I appreciate Mr A then made a further payment of £3,030 – but this was a week later on 12 August 2021. Again, there isn't anything remarkable about this transfer or the amount that reasonably should have given Monzo any cause for concern.*

*So, here, Mr A made three transfers over three weeks. I don't find this to be unusual or a pattern of activity that would have given Monzo cause for concern. Had Mr A made multiple transfers in a very short space of time, it may have been arguable to suggest that Monzo might have had a concern – as making multiple payments in a short space of time can be an indicator that someone may be at risk of financial harm. But when I consider the value of these transfers, alongside the time period in which they were made, to my mind, it wouldn't have been an indicator to Monzo that Mr A was at risk to an extent whereby it ought to have questioned him further about the transfers.*

*Overall, I don't think there were grounds for Monzo to be suspicious Mr A may be a victim of fraud when he made the transfers to such an extent where I would expect them to intervene and carry out some additional checks or question him further about the transfers. So I can't fairly say Monzo could have prevented his losses or is liable in some way.*

### Recovery of the funds

*I have also considered whether Monzo did all it could to try and recover the money Mr A lost. Given Mr A sent the funds to a cryptocurrency account in his own name – with his money being converted into cryptocurrency and moved on – there wasn't anything further Monzo could do to help Mr A recover his funds.*

### Summary

*In summary, while I appreciate Mr A's been the unfortunate victim of a cruel scam, I think Monzo's decision not to refund him in this instance was fair and reasonable in the circumstances. I say this because Monzo followed Mr A's instructions to make the transfers and I haven't seen any reason why it shouldn't have done this. Unfortunately, given the funds Mr A transferred were exchanged into cryptocurrency and moved on, there wasn't anything further Monzo could do to help Mr A recover his funds."*

I appreciate that Mr A considers the transfer of £3,030 was suspicious – however I disagree. And my reasoning was set out within my provisional findings. However I would add that customers can make larger payments and to cryptocurrency accounts. Here, I don't think the amount in and of itself would have stood out to Monzo, where I might expect them to carry out some additional checks. I am in agreement that there has been a rise in cryptocurrency investment scams, however the transfers in question here were made in mid-2021. And to my mind, there wasn't a suspicious enough pattern in the transfers Mr A made that would reasonably have put Monzo on notice that Mr A was potentially at risk of financial harm.

I am sorry to disappoint Mr A, he was the victim of a cruel scam and lost money to the scammer, however I can't fairly say Monzo should have prevented the loss and therefore aren't liable to reimburse Mr A.

### **My final decision**

For the reasons given above and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 October 2023.

Matthew Horner  
**Ombudsman**