

The complaint

Mr D is unhappy that Monzo Bank Ltd made errors when attempting to recover a payment.

What happened

Mr D was the victim of a scam which involved him making a transfer of £1,650 from his Monzo account to the scammer's account that was held with an overseas bank. Within a few hours of making the payment, Mr D realised he'd been scammed and contacted Monzo to request they recover the payment for him. A few weeks later, Mr D realised Monzo hadn't requested the recovery of his funds as he'd asked them too. So, he raised a complaint.

Monzo responded to Mr D and explained that payments to overseas accounts are routed through an intermediary agent (the intermediary bank) which then process the transfer to the overseas recipient (the recipient bank). Monzo explained that they'd contacted the intermediary bank and asked them to try to recover the transfer from the recipient bank, but they had been told by the intermediary bank that it hadn't been possible to recover Mr D's money because no funds remained in the recipient's account with the recipient bank.

Mr D wasn't satisfied with Monzo's response and noted that he'd contacted the overseas recipient bank himself who had indicated they were holding the transfer amount pending contact from Monzo or the intermediary bank. Because of this, Mr D felt that Monzo's delay in requesting the payment recovery had been the reason the scammer had been able to move the money out of the recipient account. So, he referred his complaint to this service.

One of our investigator's looked at this complaint. They noted that Monzo had asked the intermediary bank to try to recover the money from the overseas recipient bank the day after Mr D had reported the scam to them. But they also noted that the intermediary bank had requested further information from Monzo to enable them to request the money from the overseas recipient bank, and that Monzo didn't respond to that request until eleven days later. And our investigator felt that Monzo's delay had led to the intermediary bank being unable to request the recovery from the overseas recipient bank in a timely manner.

Additionally, our investigator felt that the information provided by Mr D which indicated that the overseas recipient bank had temporarily prevented the scammer from withdrawing the money from the recipient account to be persuasive. And as such, they felt that if Monzo had provided the information requested by the intermediary bank in a timely manner, it was likely the intermediary bank would have been able to request the recovery before the overseas recipient bank allowed the scammer to withdraw the money, and that Mr D's money would therefore have been recovered.

Because of this, our investigator recommended that this complaint be upheld in Mr D's favour and that Monzo should reimburse the £1,650 to Mr D along with 8% interest. Monzo didn't agree with the view of this complaint put forwards by our investigator and said that there was nothing to confirm that Mr D's money remained in the recipient account and hadn't been withdrawn by the scammer immediately after the payment had been received. So, the matter was escalated to an ombudsman for a final decision.

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.

I issued a provisional decision on this complaint on 30 August 2023 as follows:

I've reviewed the conversation between Mr D and the scammer as well as an invoice Mr D received from the scammer, which prompted the payment of £1,650 by Mr D and which he believed was a legitimate invoice from a reputable company. And having done so, I'm satisfied that Mr D has been the victim of a scam here and has lost £1,650 as a result.

I've then thought about whether there was anything about the nature of the payment Mr D made to the scammer which should reasonably have given Monzo cause for concern about that payment such that they should have contacted Mr D before allowing it to complete.

In broad terms, the starting position in law is that a business such as Monzo is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, where the customer made the payment because of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment. This could be, for instance, if the particulars of the payment were unusual and out of character with how the account holder used their account, such as if the transfer amount was unusually large.

In this instance, Mr D had only recently opened his Monzo account, and the payment to the scammer was only the fifth transaction on the newly opened account. As such, I don't feel it can reasonably be said that the payment to the scammer was out of character for the account, because at the time of the payment there hadn't been a sufficient prior amount of account usage to allow a reasonable picture of how Mr D maintained the account to be arrived at. And because of this, I don't feel that it was unreasonable or unfair for Monzo to have processed the payment to the scammer as per Mr D's instruction to do so.

Finally, I've considered whether Monzo acted quickly enough to try to recover Mr D's money after being made aware by Mr D that a scam had occurred.

Unfortunately, Mr D didn't realise that he'd been scammed, or make Monzo aware of the scam, for several hours after he'd made the payment to the scammer. Additionally, the payment had been sent to an overseas recipient bank via an intermediary bank.

This meant that when Monzo first contacted the intermediary bank to which they had transferred Mr D's money and asked that bank to try to recover the money from the recipient bank, a significant amount of time had already passed. And this is significant because it's a common feature of such scams that any money sent to a scammer is withdrawn from the recipient account very quickly by the scammer, to prevent the money being recalled by the victim's bank when the scam is uncovered.

Having been contacted by Monzo about Mr D's money, the intermediary bank then responded to Monzo and requested further information to enable them to approach the recipient bank and request its recovery. But Monzo didn't provide that further information to the recipient bank for a further eleven days. And Mr D feels that Monzo's delay in this regard gave the scammer time to withdraw his money from the recipient account which meant that he lost his money.

Mr D feels this way because he reached out to the overseas recipient bank himself about the scam not long after reporting it to Monzo. And he received a response which he feels indicates that his money was still present in the recipient account at that time and which the recipient bank was holding for his benefit pending formal contact from Monzo.

But I don't agree with Mr D's assessment of the response he received from the recipient bank. Instead, I feel that response confirms that Mr D's notifying the recipient bank of the scam has been recorded and passed to the relevant department and clarifies the correct reporting process – that Mr D should ask Monzo to formally contact them – without confirming whether any funds remain present in the account to be recovered.

This service has also contacted the overseas recipient bank and asked both if Mr M's money can be recovered, and if not, when the money was taken out of the account by the scammer. But despite several messages sent to the recipient bank in this regard, we've only received similar responses to that which was provided to Mr D, which don't give any indication as to whether Mr D's money remains present in the recipient account. And given that the recipient bank isn't a UK bank and so isn't covered by this service's jurisdiction, there isn't anything more we can do to compel the recipient bank to provide a more detailed answer.

Unfortunately, this means I must arrive at a decision here based on what I think is most likely to have happened, rather than with the benefit of knowing what did happen. And, in this instance, given that it's often the case in scams such as this that the scammer withdraws the money from the recipient account very quickly, and given that the scam wasn't brought to Monzo's attention until several hours after it took place, I feel it's most likely that Mr D's money had been withdrawn by the scammer before he reported the scam to Monzo.

Consequently, this means that I feel that any delays that Monzo may have made in trying to recover Mr D's money most likely had no tangible impact here – because I feel the money had already in all probability been withdrawn from the recipient account before Monzo were first informed that a scam had taken place.

This isn't to say that Mr D hasn't been the victim of a scam here. He clearly has been and I sympathise with him. But my provisional decision here will be that I won't be upholding this complaint or instructing Monzo to take any further action.

This is because I don't feel that Monzo did anything wrong by processing the payment Mr D instructed. And because Mr D didn't realise he'd been scammed and report the scam to Monzo until several hours after it took place, I feel this means that it's more likely than not that the scammer would have withdrawn the money from the recipient account before Monzo had any opportunity to try to recover it.

Mr D responded to my provisional decision and said that he felt that Monzo should have flagged the transfer as being potentially suspicious because it was a relatively large amount being sent to an overseas account. And Mr D also feels that Monzo should have provided fraud warnings to him.

But speaking generally, a payment of £1,650 by an account holder to an overseas account isn't particularly unusual or suspicious. And this is because many account holders legitimately instruct payments of this general type.

Rather, a payment is deemed to be unusual or suspicious in the context of how the account holder has used their account up to that time. But in this instance, unfortunately, because the account was new, there was no prior account usage for Monzo to compare the payment instruction against. And given that Mr D instructed Monzo to make the payment, I continue to feel that it was reasonable for Monzo to have processed it in line with that instruction.

Additionally, it's unclear whether any generic warning about potential fraud was provided to Mr D at the time he instructed the payment. But if it wasn't, I'm not convinced that this is a significant factor here. This is because Mr D was making the payment in response to what he believed was a legitimate advert from a well-known business. And so, I feel it's most likely that Mr D, acting as he was under that belief, would have continued to make the payment even in light of any generic warnings about potential fraud he may have received.

Mr D has also explained that he believes that his money remained present in the overseas recipient bank account for some time, and that as such Monzo's failure to respond to the information request from the intermediary bank was significant.

I can appreciate Mr D's strength of feeling here, but as explained in my provisional decision letter, this service has made several approaches to the overseas bank regarding this matter without success. And without being able to confirm exactly if or when the money in question was withdrawn from the overseas account, I don't feel that it can fairly or reasonably be said that Monzo should be considered accountable for Mr D not being able to recover that money. In short, even in consideration of Mr D's further submission on this point, I don't feel that there's sufficient evidence to confirm that the money would most likely have been recoverable, had Monzo responded to the intermediary bank when they first should have.

I realise this won't be the outcome Mr D was wanting, but it follows from the above that my final decision here will be that I won't be upholding this complaint or instructing Monzo to take any action. I hope Mr D is able to recover his money from those that took it from him, but ultimately, I don't feel that Monzo should fairly be held accountable for Mr D's loss as he contends. I hope that Mr D will understand, given what I've explained, why I've made the final decision that I have.

My final decision

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 D to accept or reject my decision before 26 October 2023.

Paul Cooper
Ombudsman