

The complaint

Mr J complains that Monzo Bank Ltd won't refund the money he lost, after he fell victim to an authorised push payment ("APP") scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my 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.

Having done so, I agree with the investigator's findings for broadly the same reasons, which I will go on to explain.

I am aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. I've focussed on what I think is the crux of the complaint. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual 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 a free alternative to the courts.

It's not in dispute that Mr J authorised the payments in question. So, while I accept that Mr J didn't intend for his money to go to the fraudsters, under the Payment Service Regulations 2017 (PSRs) Mr J is presumed liable for the loss in the first instance as the payments were authorised by him. This is unless there is sufficient evidence that Monzo should fairly and reasonably have done more to protect him. For example, by failing to act on clear triggers of unusual or uncharacteristic activity on an account.

Monzo does have a responsibility to monitor accounts and payments, and one of the reasons for this is to prevent fraud and scams. Monzo needs to have systems in place to look out for unusual transactions or other signs that might indicate its consumers are at risk of fraud (amongst other things). With that in mind, I've considered whether Monzo should have considered these payments as being sufficiently unusual or uncharacteristic that it ought to have given Monzo sufficient grounds for suspecting fraud.

It's important to note that there is a difficult balance to be struck between firms identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

Mr J made six payments on 3 February 2023, three of these payments were made to the same payee and the rest to different payees. The highest payment value transferred was £1,863.57 and the lowest payment was £252.86. The six payments totalled £4,872.73.

While I accept that the amount of money Mr J sent is significant to him this doesn't in itself suggest a heightened risk of fraud. I have also considered payments made on Mr J's

account prior to 3 February 2023. Having done so, I am aware there were several payments made from his account of similar values, as such I don't think any of the payments in question were remarkably large amounts to cause Monzo to be concerned.

I have considered the pattern of Mr J's spending. Having done so I am satisfied there were occasions where several payments were made on the same day to different payees. So, I'm not persuaded the transactions in question were remarkably large or significantly uncharacteristic of Mr J's usual spending. Consequently, the payments were not significant enough to have triggered Monzo's systems.

I have also considered where the payments were made to; these payments are peer to peer "P2P" purchases of cryptocurrency. So, these payments didn't go directly to a crypto exchange but to a third party's bank account. As such, Monzo wasn't party to the transfer of cryptocurrency itself, but has simply facilitated a faster payment from Mr J's account to third party account. Due to how the payments were made, Monzo wasn't aware the payment was related to cryptocurrency. As such, a cryptocurrency warning wasn't generated.

However, it's not in dispute that Monzo did provide warnings prior to each transaction, and his CMC has confirmed that Mr J chose to ignore these warnings and proceed with the payments.

Therefore, I can't reasonably conclude there was anything to indicate any suspicious circumstances. I appreciate the representative's arguments but I have to bear in mind that if banks such as Monzo were to be expected to intervene with every payment of a similar size to the ones being disputed here it could risk grinding the banking system to a halt.

For the reasons I have explained above I don't think Monzo could reasonably have known that these payments were subject of a scam. The payments were not significant enough to have triggered its systems; nor were there sufficient grounds to justify delaying the payments.

I have gone on to consider if Monzo took reasonable steps to try and recover the funds. The normal procedure in the case of reported scam payments would be for Monzo to contact the receiving bank to request a return of the money. But these were P2P payments, so, it isn't in question that Mr J received the asset being paid for in the transaction (the cryptocurrency). So, Monzo would have no reasonable grounds to request the money back as it could be evidenced by the payee that they had provided what was agreed in return for the money. That said, I have been provided with the evidence to suggest that Monzo did attempt to recover the funds but was unsuccessful. It was successful in the funds were recovered and transferred to Mr J's account on 17 February 2023. It follows that I won't be asking Monzo to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 23 February 2024.

Jade Rowe
Ombudsman