

The complaint

Mr S complains that Monzo Bank Ltd (Monzo) is refusing to refund him the amount he lost as the result of a scam.

Mr S is being represented by a third party. To keep things simple, I will refer to Mr S throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr S received a text message on 27 April 2022 from a contact that appeared to be Monzo. The message explained that a new card had been sent in the post, and that if it had not been requested, that Mr S should click on the link provided. As Mr S had not ordered a new card he clicked on the link.

Having clicked on the link Mr S heard nothing further until 19 May 2022 when he received a second message stating that a member of the Monzo team was trying to contact him regarding recent activity on his card. The message invited Mr S to request a call back which he did.

Mr S then received a call from an individual (X) impersonating a Monzo representative. X explained that Mr S would need to transfer money out of his Monzo account to protect his finances. X directed Mr S to transfer £1,000.00 to the trading platform Coinbase and assured him that the funds would be returned when the security threat had been managed.

On 20 May 2022 X called Mr S again and explained he needed to make a further transfer. Mr S complied with the request making a second payment to Coinbase.

The payments were not returned by X and after speaking with Monzo directly it was clear that Mr S had fallen victim to a scam.

The following is a list of payments Mr S made from his Monzo account:

Date	Payee	Payment Method	Amount
9 May 2022	CB Payments Ltd	Debit Card	£1,000.00
10 May 2022	CB Payments Ltd	Debit Card	£1,363.51

Our Investigator considered Mr S's complaint and didn't think it should be upheld. Mr S disagreed, so this complaint has been passed to me to decide.

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've decided not to uphold this complaint for broadly the same reasons as our investigator. I know this will be disappointing for Mr S, so I'll explain why.

It isn't in dispute that Mr S has been the victim of a scam and has lost money as a result. However, even when it is clear a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that the business that processed the payment will need to refund the money that has been lost.

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

In broad terms, the starting position at law is that banks, electronic money institutions (EMI's) and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr S authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Monzo should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr S when he authorised payments from his account or whether it could and should have done more before processing the payments.

Although Mr S didn't regularly make payments equal to the value of those made in relation to the scam, both payments Mr S made were of a relatively low value to a legitimate business. It would not be reasonable for me to suggest that Monzo should step in every time one of its

customers makes a relatively low value payment to a new payee, even if the payments are for a higher value than those made in recent months.

I don't think it was unreasonable that the payments Mr S made in relation to the scam did not trigger Monzo's fraud prevention systems, and that it wasn't prompted to intervene. So, I don't think Monzo is responsible for Mr S's loss.

I am very sorry for the situation Mr S now finds himself in. He has been the victim of a cruel scam which has resulted in a financial loss. However, the loss he has suffered is due to the scammer themselves and not Monzo.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 April 2024.

Terry Woodham
Ombudsman