

The complaint

Ms F complains that Monzo Bank Ltd didn't do enough to prevent her losing money to a scam.

Ms F has used a representative to bring her complaint, but for ease of reading I'll mostly just refer to Ms F herself.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In January 2022 Ms F says she was the victim of a scam.

She'd met an individual online and had formed a friendship. He introduced her to 'trading' in cryptocurrency. She was persuaded to make an investment and says that this ultimately turned out to be a scam. She made the following payments from her Monzo account which all went to the same beneficiary 'L'. L appear to deal with the purchase of cryptocurrency.

Time and Date	Amount
6.57pm 25 January 2022	£700
7.41pm 26 January 2022	£6,000
7.52pm 27 January 2022	£2,000
8.06pm 27 January 2022	£5,000
9.43pm 27 January 2022	£3,000
8.11pm 28 January 2022	£3,500

Ms F says several of the payments she made were to pay a tax to allow the release of her profits. When she was asked to make yet a further payment before funds could be released, she realised this was a scam.

Ms F's representative raised this on her behalf with Monzo. Monzo investigated and checked with the recipient bank who said no funds remained. Monzo didn't offer any redress and part of their reasoning for this was they didn't consider the payments to be particularly unusual compared to Ms F's regular account activity.

The matter was considered by one of our Investigators. He recommended that the complaint should be upheld. In summary he thought Monzo ought to have intervened in the £5,000 payment on 27 January 2022. And he thought if they had, the scam would have been discovered and further losses prevented. But he also thought Ms F had been negligent and so compensation should be reduced by 50%. He recommended that Monzo pay Ms F £5,750 plus 8% simple interest.

Monzo didn't accept this, they don't agree they should pay at all. Ms F didn't accept the outcome either. She believes Monzo should have intervened sooner, when the £6,000 payment was made. As agreement couldn't be found, the complaint was passed to me to decide.

In September 2023 I issued a provisional decision in which I said:

"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 reached a different outcome compared to that of our Investigator. So, I'm issuing this provisional decision to give both sides an opportunity to comment before finalising my decision.

I'm sorry to hear Ms F has been the victim of a scam and of the impact this has all had on her. But despite my natural sympathy, it would only be fair for me to require Monzo to do more if I think they are responsible for failures which caused the loss (or a part of it) or hindered its recovery. I don't think they are, and I'll explain why.

It isn't in dispute that Ms F herself authorised the payments relevant to this complaint. The starting point is that consumers are generally liable for payments that they've authorised. But Monzo (along with all banks) have obligations to be alert to the potential of fraud, scams and the misappropriation of funds. And they are required to monitor their accounts as well as to act in their customers best interests.

So, my next consideration must be whether the payments Ms F instructed (either individually or collectively) were so unusual, that Monzo ought to have done more before processing them. There is evidence that Monzo took some steps prior to processing Ms F's payments. They've evidenced that they showed warnings within their app. These include a generic warning when setting up the new payee and when sending payments.

I've taken into account Ms F's previous account history. Each account is individual and what may be commonplace in one, could be exceptional in another. There must also be a level of proportionality involved. It's not reasonable to expect banks to intervene in every outgoing payment and it's generally accepted that taking a risk-based approach is appropriate.

In February 2021 Ms F paid out over £23,500 from her account and over £20,000 of this was within 72 hours. The timing and value of these payments aren't dissimilar to the £20,200 sent over four days towards the scam. And whilst most months didn't have payments like this, there was another larger payment of over £3,300 in April 2021. The impact of this is that the account history supports that, from time to time, Ms F would instruct payments over and above her usual monthly amounts. And that these were of a broadly similar value and frequency to those she made as a result of the scam.

I've considered that the scam payments all went to the same new payee and the payments I've referenced above went to a variety of beneficiaries / merchants. And it's easy now we know that Ms F was scammed to suggest that Monzo are at fault. But I don't think the payments were so unusual and such a departure from the previous account activity that it's reasonable to have expected Monzo to have had concerns and to have done more than they did before processing the payments.

As such, I can't fairly say that Monzo should have prevented Ms F's loss and I don't need to go on to consider whether a greater level of intervention would have made a difference. I'm satisfied that once notified, Monzo attempted recovery. But given Ms F herself had control of the recipient account (and confirmed the money had already been used to buy cryptocurrency before being lost to the scam), it isn't surprising they were told no funds remained.

As I said at the start, I'm sorry to hear Ms F has been a victim in this way and has lost so

much money. But as I don't think this is something Monzo are responsible for, I'm not intending to direct that they need to do more to resolve this complaint."

Monzo responded and said they had nothing further to add. Ms F responded with some comments which I'll address below.

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.

The crux of Ms F's further submissions is that she disagrees with my finding that it isn't reasonable to expect Monzo to have done more than they did before processing the payments she made towards the scam. She points out that the previous payments (in February 2021) were to a variety of beneficiaries / merchants (something I acknowledged in my provisional decision). And says that this distinguishes them from the scam payments (which went to the same beneficiary). She also said that she hadn't previously invested and such payments would have been unusual for someone with no investment experience.

I've considered these points and I acknowledge that there is a balance to be struck. Monzo shouldn't unduly interfere with their customers ability to freely use their accounts. But this must be balanced against Monzo's obligations to be alert to potential fraud and scams. However, I remain of the opinion that, in the context of Ms F's previous account activity, the payments weren't so unusual, suspicious or indicative of potential fraud where I think it's reasonable to expect Monzo to have done more. And so despite my natural sympathy for Ms F being the victim of a scam, there isn't a reasonable basis upon which I can direct Monzo to reimburse her.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

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

Richard Annandale
Ombudsman