

The complaint

Mrs B complains that Monzo Bank Ltd ('Monzo') hasn't refunded her after she fell victim to a scam.

What happened

Mrs B is represented in this case but for ease I'll refer to Mrs B throughout this decision.

Mrs B says that she moved to the UK and was looking for work, so she contacted recruitment agencies. In March 2023 Mrs B received a call from someone offering her the opportunity to work from home in a role that involved leaving reviews to earn commission. To initiate the first task, Mrs B was required to make a payment of £90 to a cryptocurrency exchange. Mrs B was added to a group chat involving others doing the same role that seemed to be earning good money.

Mrs B was encouraged to make further payments for "exclusive tasks" to unlock higher rates of commission. Later in March Mrs B wanted to withdraw all her funds but was advised that to do so she would need to make a payment for tax. After making the payment Mrs B was asked to make further payments. When Mrs B refused to pay anything more, she was blocked from the site. She realised she was the victim of a scam and contacted Monzo on 27 April 2023.

I have set out in the table below the payments Mrs B made from her Monzo account to two cryptocurrency exchanges. All payments were made using Mrs B's debit card.

Date	Amount	Recipient
26/03/23	£90	1
27/03/23	£750	1
27/03/23	£320	1
27/03/23	£130	1
28/03/23	£1,800	2
Total	£3,090	

Monzo said it couldn't refund Mrs B because the scam payments weren't made from her Monzo account. Instead, the fraudulent payments were made from Mrs B's own cryptocurrency wallets. Monzo also said it followed Mrs B's instructions in making the payments and that no chargeback rights apply. In any event, Mrs B didn't take enough steps to check the job opportunity was genuine.

Mrs B was unhappy with Monzo's response so brought a complaint to this service. She said Monzo should have intervened and provided relevant warnings when she made unusual payments.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) doesn't apply in this case. He went on to say that the payments weren't so unusual or out of character that Monzo ought to have intervened when they were made.

Mrs B didn't agree with the investigator's findings and asked for a final decision, so her complaint has been passed to me. In summary, she said:

- She transferred funds to cryptocurrency exchanges and such payments are known to carry high risks of fraud. Given this, some banks have decided to stop card payments to cryptocurrency merchants which would have prevented Mrs B's loss.
- Mrs B was allowed to spend over £3,000 over three days to a high risk beneficiary.
- Monzo should have applied stricter fraud prevention rules and given appropriate warnings.

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 CRM Code isn't relevant in this case for a number of reasons including the fact it doesn't apply to card payments.

In broad terms, the starting position in law is that Santander 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. It's not disputed that Mrs B made and authorised these payments, although I accept that when she did so she didn't think her funds were at risk.

However, taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have 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 made 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 Mrs B when she authorised payments from her account or whether it could and should have done more before processing them.

I've looked at Mrs B's statements for the six-month period before the scam and can see that the transactions she made were all for less than £100 and her balance was never much more than this amount. The first payment of £90 was in line with Mrs B's usual account activity. I accept that the payment of £750 was above her usual spending level. But I still don't consider that Monzo needed to intervene. The value of the transaction was still modest, and an unusual pattern of spending hadn't emerged. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption

to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payment journeys.

The final payment of £1,800 was to a different payee. Again, whilst the amount is greater than any previous payment on the account, I don't consider Monzo ought reasonably to have intervened when it was made. The amount was still relatively low, and the pattern of payments wasn't consistent with a typical cryptocurrency investment scam.

Many payments to cryptocurrency exchanges are legitimate so I don't consider Monzo acted unreasonably in following Mrs B's payment instructions based on the recipient alone. The fact that some other banks have chosen not to allow card payments for cryptocurrency doesn't mean that Monzo has a duty to question a customer every time they authorise a transaction to a cryptocurrency exchange. Monzo needs to consider a range of factors to determine if intervention is required.

I agree with the investigator that a chargeback wouldn't be successful in this case.

Overall, whilst I'm sorry to disappoint Mrs B, I can't reasonably ask Monzo to refund her loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 27 November 2023.

Jay Hadfield
Ombudsman