

The complaint

Mr B complains that Monzo Bank Ltd did not refund £6,200 that he lost as part of a scam.

What happened

Mr B found an advert on a social media platform for an investment company. He looked them up online and thought he was dealing with someone connected to a genuine cryptocurrency platform. Unfortunately, a scammer had created an e-mail that appeared to be linked, but they were not actually representing the genuine company.

Mr B was encouraged to open accounts with two different e-money providers, Monzo and a provider I'll call 'X'. He opened the Monzo account on 17 October 2022. He began making payments to the cryptocurrency wallet through X from his primary bank account and the Monzo account. He made a payment of £6,200 from his Monzo account to his account with X, which was then moved on to the cryptocurrency wallet. Eventually, the scammer started to ask for tax payments up front for the returns he had accumulated. At that point, Mr B contacted the genuine cryptocurrency platform and realised he had been dealing with a scammer.

Mr B raised a fraud claim through a representative and Monzo responded explaining it did not agree it had made an error when processing the payment. Mr B referred the complaint to our service and our Investigator looked into it. They explained the payment did not fall under the Contingent Reimbursement Model (CRM) code, as the payment had gone between two accounts in Mr B's name which were under his control. They felt that as the Monzo account was new and there had been no previous debits on the account, there was no comparable activity to say the payment of £6,200 was unusual enough to have warranted intervention from Monzo. So, they didn't think Monzo missed an opportunity to reveal the scam and didn't recommend a refund.

Mr B did not accept the view as he felt the payment was suspicious due to its high value and the fact it was to a new payee.

As an informal agreement could not be reached, the complaint has been passed to me 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.

It's not in dispute that Mr B has been the victim of a cruel investment scam. As has been explained, the payment does not fall under the CRM code, so Mr B's case does not fall under the same level of protection as one under the CRM would. However, Monzo does still have a basic duty of care to its customers.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards;

codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr B authorised the payment of £6,200 as he was moving it on to his account with X, so it could be utilized for what he thought was a genuine investment. So, while I recognise that Mr B didn't intend the money to go to eventually go to scammers, the starting position in law is that Monzo was obliged to follow Mr B's instruction and process the payment. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Monzo did enough to try to keep Mr B's account safe.

I've looked at Mr B's statements, so see if the payment of £6,200 was particularly unusual or out of character when compared to his normal account activity. As has already been highlighted, this was the first debit from the account, so there is nothing to compare the payment to. I can see the account was opened on 17 October, a credit to the account of £1,000 happened on 18 October, a further credit of £5,500 happened on 24 October and the transfer of £6,200 happened the same day.

While the value of the transaction is not insignificant, I don't agree that the value alone is enough to have warranted intervention by Monzo. I've gone on to consider the pattern of the account usage. The account was opened a week prior to the transaction and the credits for the payment happened in that week. While I recognise the majority was credited on the same day as the payment in question, I don't think this pattern is unusual enough to give cause for concern. I say this because there was some time between the account opening and it being used for the transfer, and there was still £300 remaining in the account, meaning it wasn't drained as a result. Considering all of this as a whole, I don't agree that the transaction warranted intervention by Monzo prior to it being processed. So, I don't think they missed an opportunity to reveal the scam.

I can see Monzo did provide some generic warnings prior to the payment being processed, but these weren't specific to the type of scam Mr B was a victim of. However, as the payment was being made to an account in Mr B's own name with another e-money provider, I don't think Monzo could reasonably have been aware the payment was going to be used for an investment. So, I don't think Monzo needed to provide a more specific warning in this case.

As the funds went to another account in Mr B's name before being moved to a cryptocurrency wallet, there was nothing further Monzo could do to retrieve them once they were aware of the scam. So, I don't think they could have done anything to help M B recover the money. Having carefully considered everything available to me, I don't think Monzo reasonably missed an opportunity to reveal the scam, so I don't direct them to refund the £6,200 to Mr B.

My final decision

I do not uphold Mr B's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 December 2023.

Rebecca Norris
Ombudsman