

The complaint

Ms V complains that Monzo Bank Ltd ('Monzo') won't reimburse the money she lost when she was the victim of a scam.

What happened

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

What Ms V says

In around April 2022 she saw an advert on a social media platform for a commission-based role with a company I'll refer to as E in this decision. Ms V understood that she would be required to promote products on a site by 'buying' them using cryptocurrency resulting in an increase in the click rate of the product which would increase its popularity. Commission would be added to an account on E's platform. Ms V clicked on the link and was added to a group on a messaging app. Each day Ms V needed to complete forty 'missions'.

I have set out in the table below the payments Ms V made. The payments to 'EMI' are to an account in Ms V's own name at an electronic money institution. Recipients one, two and three are individuals.

Payment no.	Date	Amount	Recipient	Payment type
1	25/04/22	£187.32	EMI	Card
2	26/04/22	£81.74	EMI	Card
3	26/04/22	£691.24	1	Faster payment
4	26/04/22	£1,228.50	1	Faster payment
5	26/04/22	£3,177.89	2	Faster payment
6	27/04/22	£16.45	EMI	Card
7	27/04/22	£24.99	3	Faster payment
8	27/04/22	£5,086.05	EMI	Card
9	25/05/22	£2,378.05	EMI	Card
	Total	£12,872.23		

Ms V experienced difficulties when she wanted to withdraw funds. She was told that she couldn't withdraw funds until her account had a positive balance. She was then unable to access the platform and realised she was the victim of a scam.

Ms V didn't contact Monzo about the scam but instructed a legal representative to complain on her behalf in October 2022.

What Monzo say

Monzo didn't agree to reimburse Ms V. It said that she authorised the transactions and didn't take steps to ensure the employment she was being offered was genuine. Ms V was unhappy with Monzo's response and brought a complaint to our service.

Our investigation so far

The investigator who considered this complaint upheld it in part. She said that Monzo should have intervened when the fifth payment was made and that had it done so the scam would have been uncovered. Although Monzo blocked Ms V's account after the fourth payment it didn't go far enough. But Ms V hadn't done enough to check the opportunity she was offered was genuine so she should share liability with Monzo from the fifth payment onwards. Finally, the investigator said there was nothing Monzo could have done to recover Ms V's funds.

Ms V accepted the investigator's findings, but Monzo did not. In summary, Monzo said:

- It has sophisticated systems to pick up on unusual transactions, but the payments made by Ms V didn't cause any concern and some payments were to a genuine merchant.
- There's no evidence to suggest intervention would have made a difference as Ms V ignored clear red flags.
- There was an unrelated review as a result of which restrictions were placed on Ms V's account.

The 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.

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 have been good industry practice at the time.

Ms V authorised the scam payments from her Monzo account. So, although she didn't intend the money to go to the scammers, under the Payment Services Regulations 2017 and the terms and conditions of her account, Ms V is presumed liable for the loss in the first instance.

The Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) applies to the faster payments but not to any payments made by card. And, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for a bank to take additional steps or make additional checks before processing a payment in order to help protect its customer from the possibility of financial harm from fraud. This is the case whether transactions were by card or faster payment.

I don't consider that Monzo needed to do anything more when Ms V made the first three payments in the table above. The value of each transaction was relatively low and there was no other reason for Monzo to be concerned.

Monzo blocked Ms V's account after she had made the fourth payment in the table above. Ms V called Monzo to find out why and explained that her account was blocked when she tried to make a large payment to someone. She was referred to Monzo's chat function. In the chat Monzo told Ms V that as a regulated bank it needed to run some extra checks sometimes. Ms V was asked to provide details of any failed payments, any large payments she'd sent or received over the preceding few days and for any documents in relation to

those recent transactions. Ms V replied and simply said that she was, “*Sending an amount to someone*”. She wasn’t asked any further questions but after this Monzo gave her notice that her account would be closed.

So Monzo had sufficient concern about the activity on Ms V’s account to block it until it had contacted her to get some additional information. I’m not satisfied that Monzo did enough to understand why the activity on Ms V’s account was unusual compared with the previous use of the account. Ms V provided a very basic answer that didn’t satisfy Monzo but instead of probing further to properly understand the position, Monzo chose to allow Ms V to continue to make payments but to give notice to close her account. I don’t consider Monzo treated Ms V fairly.

I’ve gone on to consider what’s likely to have happened if Monzo had asked some more questions to properly understand the unusual activity on her account. I’ve not seen anything to suggest Ms V wouldn’t have been honest with Monzo so I think she’d have explained that she was making payments in respect of a job she’d found out about on social media to release tasks. She may even have said she was required to buy cryptocurrency. The information provided ought reasonably to have caused serious concern and led Monzo to uncover the scam, meaning all further loss would have been prevented. So I consider that Monzo should bear some responsibility for all the scam payments Ms V made after its intervention on 26 April 2022 – so, from the fifth payment in the table above onwards.

I’ve gone on to consider whether it’s fair and reasonable to make a deduction to reflect Ms V’s actions. I’ve considered the points made by her representative but don’t believe I can fairly ask Monzo to refund the payments referred to above in full because:

- Ms V was provided with a job offer through a social media platform. This isn’t how people usually get jobs.
- Ms V didn’t receive a contract or any other documentation setting out the terms of her agreement with E. Genuine employers provide a contract.
- The premise of the arrangement with E was unusual with Ms V needing to pay to complete tasks. Being asked to make payments upfront before being paid isn’t what you’d expect. And the requirement to send and receive cryptocurrency is so unusual I think it ought reasonably to have led to a greater level of caution.
- Ms V could earn an income of £25 to £100 a day for completing simple tasks. I consider this to a lot for unskilled work and think this ought reasonably to have caused concern. The offer was too good to be true.
- Ms V was required to send funds to various different accounts, none of which were in the name of E, but I can’t see that she questioned this.
- Ms V has provided evidence of her chats with the fraudsters. The language used wasn’t professional or what you’d expect of an employer.
- The reasons for the payments became more implausible and it’s clear that Ms V started to have concerns. She contacted the genuine company E’s customer service department on social media and was advised that the genuine company didn’t know anything about the platform. Ms V questioned the scammer about this, but the explanation given wasn’t persuasive.

Overall, I consider Ms V should bear some responsibility for her loss too.

My final decision

I require Monzo Bank Ltd to:

- Refund 50% of all payments from and including the payment of £3,177.89; and,
- Add interest to the above figure at the rate of 8% simple per year from the date of

each transaction to the date of settlement.

If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms V how much it has taken off. It should also give Ms V a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 26 December 2023.

Jay Hadfield
Ombudsman