

## **The complaint**

Mr A complains that Monzo Bank Ltd won't refund over £12,000 he lost to a scam.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat everything again here. In brief, Mr A fell victim to a fake job scam after he was contacted on a messaging app – I will call the scammer 'B'. B told Mr A that he would be paid for completing a number of tasks, but he would have to pay in funds to the task platform first using cryptocurrency. So, over around a week, Mr A made card payments and transfers totalling over £12,000 towards the scam. Mr A realised he had been scammed when B continued to pressure him to pay more into the scam without allowing him to withdraw any profits.

Our investigator upheld the complaint in part. They thought that Monzo ought to have questioned Mr A about the 10<sup>th</sup> payment he made to the scam, which was the second higher value payment in one day. The investigator thought that, had that happened, the scam would likely have been stopped. So the investigator said that Monzo should refund the money Mr A had lost from this payment onwards, less a deduction of 50% in recognition of Mr A's own contributory negligence.

Monzo disagreed, so the matter has been escalated to me to determine.

## **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 isn't in dispute that Mr A has fallen victim to a scam here, nor that he authorised the payments that are the subject of this complaint. The payments were requested by him using his legitimate security credentials provided by Monzo, and the starting position is that banks ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Monzo should have done more to prevent Mr A from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular payment. For example, if it was particularly out of character for that account holder.

I understand the investigator considered that the tenth payment made by Mr A, for £2,050 ought to have been regarded as unusual, given that by the time of this payment Mr A had already made payments of over £3,750 in the previous 24 hours. This was a significant increase in his spending on the account, and by this stage a trend was starting to emerge that had some of the hallmarks of cryptocurrency scams. I agree with the Investigator's findings regarding this payment. In my view this really should have been flagged by Monzo as being unusual account activity.

Monzo would have known that multiple payments, of increasing value, being made to the same payee in quick succession can often be an indication of fraudulent activity. So I'm satisfied this payment ought reasonably to have been considered as unusual and triggered an intervention by Monzo. I think a reasonable intervention at this stage would have been direct contact with Mr A – via the chat function of the app or on the phone – to ask Mr A some open questions about what he was making the payments for. I note that, later on in the scam, Monzo did provide a general scam warning to Mr A, but I don't think that would have been an appropriate intervention, given that it didn't include an information tailored to Mr A's particular situation.

Mr A doesn't appear to have been given any cover story by the scammers, so if Monzo had questioned him about these payments, I think it's likely he would have been honest about what they were for and how he had come across the job opportunity. So Monzo would have likely discovered that he had been 'contracted out' by a company offering to pay Mr A for completing tasks, but that Mr A had been told that he would first have to pay money into the scheme using cryptocurrency.

This is not how companies normally operate and it has all the hallmarks of a cryptocurrency scam. I consider there would have been reasonable grounds for suspicion here. And Monzo ought reasonably to have provided a tailored scam warning in light of all the information then known to financial professionals about the risks associated with cryptocurrency scams.

Monzo does not believe it is liable for Mr A's loss, as it said it occurred from his cryptocurrency account rather than his Monzo account. However, just because a payment is to an account in the customer's own name that does not mean it bears no risk, and I would still expect Monzo to keep an eye out for payments that bore hallmarks of potential fraud, even if those payments were made to another account belonging to their customer.

I say this because this kind of payment journey – where payments are made from an account with one bank, to accounts in the same consumer's name at other banks or e-money providers, and then on to buy cryptocurrency – is increasingly a feature of several types of scams. And I would expect Monzo to have an awareness of how these scams operate and be aware of what it should be looking out for to help protect its customers. So I do think it is reasonable that Monzo bear some responsibility for what has happened here, even though it was the first bank in the chain, rather than the last.

In light of this, I think Mr A's losses were foreseeable to Monzo. And I'm satisfied that, had Monzo asked relevant questions of Mr A it would have been apparent that he was falling victim to a scam and Monzo would have been able to provide an appropriate warning which would likely have prevented Mr A from making any further payments to the scammers.

As a result, I believe Monzo should refund the payments Mr A lost to the scam from and including the 10th payment made to the scam, for £2,050 on 12 May 2023.

I've also thought about whether Mr A did enough to protect himself from the scam, and, having thought carefully about this, I don't think he did. I think he ought reasonably to have had concerns about the legitimacy of the job offered given the requirement to send funds to acquire the profits he'd supposedly earned. I also think receiving an unsolicited job offer – in a field unrelated to his usual field of work – via a mobile messaging service app should've been seen as unusual to Mr A, and so should have led to him looking more deeply into this job he was apparently being offered. Because of this, I think it would be fair and reasonable to make a 50% reduction in the award based on contributory negligence in the circumstances of this complaint.

I've also thought about whether Monzo could have done more to attempt to recover the payments after Mr A reported the fraud. But I'm satisfied that it was reasonable for Monzo not to attempt to raise chargebacks regarding the card payments in the circumstances and that it would not have been able to recover the faster payments that Mr A sent given that they were to buy cryptocurrency.

### **Putting things right**

To resolve this complaint Monzo Bank Ltd should:

- Refund the payments Mr A lost to the scam from and including the 10th payment made onwards, less a deduction of 50% in recognition of Mr A's own contributory negligence towards his loss.
- Pay 8% simple interest per year on this amount, calculated from the date of loss until the date of settlement, minus any applicable tax.

### **My final decision**

I uphold this complaint in part. Monzo Bank Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 February 2024.

Sophie Mitchell  
**Ombudsman**