

The complaint

Miss Z is unhappy that Monzo Bank Ltd will not refund the money she lost as the result of an authorised push payment (APP) scam.

What happened

Both parties are familiar with the details of the scam so I won't repeat them in full here. In summary, Miss Z fell victim to a task/employment scam and made the following faster payments from her Monzo account to a crypto account in her name - and from there to the scammer.

date	value, £
27/03/2023	21
27/03/2023	15
28/03/2023	90
28/03/2023	95
28/03/2023	20
28/03/2023	5
29/03/2023	220
30/03/2023	680
30/03/2023	100
01/04/2023	600
01/04/2023	20
01/04/2023	5
11/05/2023	1,341
11/05/2023	10
12/05/2023	480
13/05/2023	280

During this time Miss Z made two transfers back from her crypto account of £12 and £151 meaning her total losses were £3,819.

Miss Z says Monzo must refund the money as it didn't stop the transactions and she was the victim of a scam. It has meant she was unable to pay her bills.

Monzo says the point of loss was Miss Z's crypto account so she would need to contact that provider. It made a payment of £125 to recognise the distress and inconvenience Miss Z suffered as a result of its delay in responding to her fraud claim.

Our investigator did not uphold Miss Z's complaint. She said the transactions were not out of character for Miss Z's account and so Monzo did not fail to intervene when it should have.

Miss Z disagreed with this assessment and asked for an ombudsman's review.

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.

There's no dispute that Miss Z made and authorised the payments. Miss Z knew why she was making the payments. At the stage she was making these payments, she believed she was transferring money to a crypto wallet and from there she would be buy access to tasks that she would complete in return for payment. I don't dispute Miss Z was scammed and she wasn't making the payments for the reason she thought she was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

It's also accepted that Monzo has an obligation to follow Miss Z's instructions. So in the first instance Miss Z is presumed liable for her loss. But there are other factors that must be taken into account.

To reach my decision I have considered the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time. To note, as the payments were not made to an account held by another person the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case.

This means I think that Monzo should have:

- been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

In this case I do not think Monzo ought to be held liable for the transactions. I'll explain why.

I don't that any of the payments ought to have triggered an intervention from Monzo. They showed none of the typical hallmarks of a scam. They were made over a seven-week period, not in rapid succession. And they were not out of character for Miss Z's account. Those that were higher in value were still not high enough in value to indicate potential financial harm - an occasional higher value payment on an account is not unusual. And there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

If all payments such as the ones Miss Z made were blocked while further enquiries were made, many genuine payments would be stopped which would cause significant disruption and delay. I don't consider that Monzo reasonably had any reason to suspect Miss Z may be at risk of financial harm.

As the recipient account was a new payee Monzo showed Miss Z a new payee scam warning at the time of the first payment and she clicked that she understood, and wanted to continue. It also showed a separate scam warning at this stage. It then showed warnings at the time of each payment explaining it couldn't complete confirmation of payee and

suggesting it may be worth double-checking the details. At each point Miss Z opted to continue.

Overall, I don't think Monzo needed to do more than it did given the nature of the payments.

I have then thought about whether Monzo did what we would expect to try to recover Miss Z's money after she reported the scam. I can see it contacted the recipient account business in a timely manner, and was later told no funds remained. And although it made this attempt I would not reasonably expect Monzo to have successfully recovered the money given the funds were sent to an account in Miss Z's name that she had then used to move money to the scammer.

Finally, I think that £125 is a fair payment for the distress Miss Z will have undoubtedly suffered as she waited to hear the delayed outcome of her fraud claim. I have considered the scale of her claim, her circumstances and the length of the delay to reach this conclusion.

This means I am not instructing Monzo to refund any money to Miss Z. This is a difficult decision to make, I'm sorry Miss Z lost a considerable amount of money which was distressing for her. I can understand why she would like to be compensated for her losses. And I do accept Miss Z has fallen victim to a sophisticated scam. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Monzo can be held liable in the circumstances of this case.

My final decision

I am not upholding Miss Z's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 14 February 2024.

Rebecca Connelley
Ombudsman