

## **The complaint**

Mr N, who is represented by a claims management company, complains Monzo Bank Ltd didn't do enough to protect him when he was the victim of a fraud.

## **What happened**

Mr N opened a Monzo account in February 2019, around the time he came to the UK. His account is now closed. He has accounts elsewhere too.

In April 2022 Mr N says he started chatting to a person he met on a dating app. He says they explained that they'd made money investing in cryptocurrency shortly after they started chatting. Mr N says he asked for more details and, as a result, set up an account on what he'd been told was a trading platform with a view to trading cryptocurrency. Mr N says the trading platform appeared to be professional so he decided to go ahead believing he could make a lot of money. Mr N was, in fact, talking to a scammer.

Between 21 and 27 April 2022 Mr N made nineteen payments to six different beneficiaries totalling £18,375.48 from his Monzo account in relation to this first scam. He says he was told he was sending money to people who sold cryptocurrency and then told to transfer the cryptocurrency he had bought to the trading platform where he'd set up an account. Mr N says he transferred money from an account he has elsewhere into his Monzo account in order to fund these payments. He did so because he says he was unable to buy cryptocurrency from that other account as the bank in question was very strict with cryptocurrency. He says he took out a loan to help fund some of these transfers – and later on took borrowed money from friends and elsewhere.

Between 10 and 14 May 2022 Mr N made seven payments from an account he has elsewhere in relation to this first scam.

Mr N says he started to get worried that he might have been scammed when he couldn't withdraw money from the account he'd set up on the trading platform. He says he was told he'd need to pay a large fee in order to do so. He says the person he'd met on the dating app told him that he needed a loan too – which Mr N says he helped with – and that he was also worried he'd been scammed. Shortly after this, when all communication ceased, Mr N realised he'd been scammed.

Mr N says he started talking to another person – a female this time – on social media who said that they'd made a lot of money trading after he realised he'd been scammed. He says he started talking to them because he was down as a result of being scammed. He was, in fact, talking to a second scammer.

Between 18 and 30 May 2022 Mr N made nine payments totalling £12,688 from an account he has elsewhere in relation to this second scam.

Mr N contacted Monzo, amongst others, to say that it hadn't done enough to protect him once he realised he'd been scammed. He then complained to us about Monzo's response and the response of one of the other businesses with whom he has an account.

One of our investigators looked into Mr N's complaint and said that they thought Monzo ought reasonably to have done more when Mr N made the seventh payment he made. Had Monzo done so, our investigator thought that it could have prevented Mr N from making further losses. But they also thought that Mr N should be held jointly responsible for the losses he made from the seventh payment onwards as they didn't think Mr N had done enough to make sure that he was being offered a genuine investment opportunity and had ignored a lot of "red flags". So, they recommended that Monzo refund 50% of Mr N's losses from the eighth payments onwards and – given that most of the seventh payment was, in fact, recovered when the scam was reported – £52.74 in relation to the seventh payment. In other words, 50% of the unrecovered element of the seventh payment. In addition, they recommended 8% simple interest from the date of payment to the date of settlement.

Mr N accepted our investigator's recommendations. Monzo didn't. Monzo said that it had given effective warnings and that Mr N didn't exercise caution – he'd invested a lot of money very quickly and ignored a lot of red flags. As Monzo didn't agree, Mr N's complaint was referred to an ombudsman for a decision. And was passed to me.

### **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 this case, I'm satisfied that Mr N made nineteen payments to six different beneficiaries totalling £18,375.48 from his Monzo account between 21 and 27 April 2022 in relation to the first scam. The first three payments were all for under £1,000 and spaced out. So, I agree that they wouldn't have appeared unusual. The fourth and the fifth payment were for £1,700 and £1,300 to two different beneficiaries, so I agree too that there was nothing unusual about them either. The sixth payment arguably could be considered unusual, given that it was for £1,400 taking the total that had been sent that day in around 20 minutes to £4,400. But I agree with our investigator that by the time Mr N made his seventh payment – which was for £3,000 – there was a pattern of fraud emerging. That's because by then Mr N had sent over £7,000 on the same day within a short space of time. In the circumstances, I also agree with our investigator that Monzo should have intervened at that stage.

Had Monzo intervened when Mr N attempted to make the seventh payment, I'm satisfied that Mr N would have realised that he was being scammed, as I don't think he would have answered any questions Monzo put to him dishonestly. In other words, I'm satisfied that Monzo would have discovered that Mr N was purchasing cryptocurrency as part of an investment after meeting a third party on a dating site. I'm satisfied too that if Mr N had explained what had led up to this – and the steps he'd taken to satisfy himself that it was a genuine investment (which were almost non-existent) – that Monzo would have rapidly spotted numerous red flags. In short, I agree with our investigator that Monzo missed an opportunity to prevent further loss to Mr N.

Our investigator has set out in considerable detail the numerous red flags that should have made Mr N realise that this wasn't a genuine investment. I'm not going to repeat them here, other than to say that I agree Mr N could and should have done a lot more to satisfy himself that this wasn't a scam. In the circumstances, I also agree that a 50% reduction to the losses Monzo should refund is fair and reasonable.

### **Putting things right**

Given everything I've just said, I agree that Monzo should have done more when Mr N tried to make his seventh payment, and that Monzo should refund 50% of Mr N's losses from the eighth payment onwards and – given that most of the seventh payment was, in fact,

recovered when the scam was reported – £52.74 in relation to the seventh payment. In other words, 50% of the unrecovered element of the seventh payment. In addition, I agree that Monzo should pay 8% simple interest on these refunds from the date of payment to the date of settlement.

### **My final decision**

My final decision is that I'm upholding this complaint and require Monzo Bank Ltd to refund 50% of Mr N's losses from the eighth payment onwards and – given that most of the seventh payment was, in fact, been recovered when the scam was reported – £52.74 in relation to the seventh payment. In other words, 50% of the unrecovered element of the seventh payment. In addition, I require Monzo Bank Ltd to pay 8% simple interest on these refunds from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 10 January 2024.

Nicolas Atkinson  
**Ombudsman**