

## The complaint

Mr S complains about Monzo Bank Ltd.

He says that Monzo didn't do enough to protect him when he became the victim of a scam and would like Monzo to refund him the money he has lost.

## What happened

Mr S was contacted via WhatsApp by a company offering employment through driving traffic to products via digital marketing.

Mr S was persuaded to sign up to the opportunity as it seemed legitimate and profitable. He was advised that he needed to make payments to his 'account' via cryptocurrency, and he would then receive his money back with commission on top after completing his 'tasks'.

Mr S made the following successful payments. Mr S also attempted other payments, but these did not debit his account – or bounced back.

Date	Payee	Amount
01/03/2023	Coinbase	£100
01/03/2023	Coinbase	£900
06/03/2023	Coinbase	£2,700
07/03/2023	Mercuryo	£4,600
	<b>Total loss</b>	<b>£8,300</b>

Unfortunately, this was a scam, and Mr S lost his money.

Mr S complained to Monzo, but it didn't uphold his complaint, however it did say it took too long to investigate and offered Mr S £100 in recognition of this.

Unhappy, Mr S brought his complaint to this Service. Our Investigator looked into things and thought that the complaint should be upheld in part.

They said that Monzo should have intervened from the fourth payment and that the scam would have been uncovered – but they also thought Mr S hadn't been as careful as he should have been and said that both he and Monzo should share liability for this loss. They also said that Monzo should pay Mr S the £100 it offered if it had not already done so.

Mr S accepted this, but Monzo didn't reply.

The Investigator's view was sent on 26 October 2023, but despite being chased for a response, Monzo still hasn't responded.

Therefore, I will now issue a final decision on the matter with the information we already have on file.

## **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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've decided to uphold this complaint in part, for broadly the same reasons as our Investigator.

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 having been good industry practice at the time.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSR's) and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

However, taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Monzo should fairly and reasonably:

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

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr S when he authorised payments from his account or whether it could and should have done more before processing them.

### *Did Monzo act fairly and reasonably in Mr S's case?*

Having considered the payments Mr S was making from his Monzo account prior to the scam taking place, I am not persuaded that Monzo should reasonably have been expected to intervene at this point. The payments were of relatively low value, and businesses can't be expected to intervene on every payment.

However, by the time Mr S made the payment of £4,600 – I think that Monzo should have had concerns about what was going on – and it should have contacted Mr S to check if everything was as it should be.

Prior to this payment, Mr S had attempted several large transactions which didn't debit his account – one of these payments was for £2,000 and the other for £5,050. Both of these were going to a crypto exchange. And while not every payment of this type is as a result of a

scam, Monzo should be aware of how a scam of this type usually develops – including an increase in frequency and amount of payments over a few days.

With this in mind, Monzo should reasonably have contacted Mr S to establish whether the transaction posed any possibility of placing him in financial harm before processing it. But it did not do so. Had Monzo contacted Mr S, I would've expected it to have questioned him about the payment – including what he was making the payment for and surrounding context and to proceed accordingly. The intention being to disrupt or uncover a potential fraud or scam.

I haven't seen anything to suggest that Mr S was coached by the scammer or provided with a cover story as to what he was doing – so I think that he would have explained to Monzo that that he was making the payment as part of his employment to purchase 'tasks' and receive commission.

This alone should've been a red flag to Monzo – and I think it's likely that it would have immediately recognised this as a scam and provided Mr S with a meaningful warning that what he had told it had all the hallmarks of a scam.

Had it done so, I don't think that Mr S would have ignored such a warning – and I don't think that he would have continued with the payment he was making.

So, I think that Monzo missed an opportunity to prevent Mr S's loss from this point.

However, while I do consider that Monzo could have prevented the payment had it acted like I would expect, I do also need to consider if Mr S should bear some responsibility for the loss here too, by way of contributory negligence.

Having considered this, I think that liability for the loss should be shared on an equal basis between Mr S and Monzo. I say this because I think that Mr S could have done more to protect himself from the loss he suffered. He was contacted out of the blue by the scammer – and offered a suspiciously lucrative employment opportunity for which he was initially told he wouldn't need to part with any money, when this turned out not to be the case.

Mr S also doesn't appear to have done any research into the supposed job or entered into any kind of pre-employment checks of interview process. His friend also informed him that it sounded like a scam, and when he said this to the scammer, I don't think it said anything that should reasonably have convinced Mr S that he was dealing with a legitimate business.

### **Putting things right**

Monzo should pay Mr S 50% of £4,600.

On top of this, it should also apply 8% simple interest from the date the payment was made until settlement (less any lawfully deductible tax).

It should also pay Mr S the £100 compensation it offered him if it hasn't done so already.

### **My final decision**

I uphold this complaint in part, Monzo should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 January 2024.

Claire Pugh

**Ombudsman**