

## **The complaint**

Ms R complains that Monzo Bank Ltd ("Monzo") won't refund money she lost as part of an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat everything again here. In brief summary, Ms R fell victim to an investment scam in April 2022 after she was contacted by a broker 'Terra Markets' ("the scammer").

She was encouraged to invest, and accounts were opened in her name with several cryptocurrency platforms and electronic money institutions, as well as an account with Monzo, which she was told were all needed for trading. Ms R then made several payments from her Monzo account to her crypto/Wise accounts between 20-24 May 2022. The funds Ms R sent to these accounts were then transferred on again to the scammer.

Ms R later realised she had been scammed and reported the fraud to Monzo, but it refused to refund the money she lost as it said she had authorised the payments. Unhappy with this, Ms R referred the matter to our service.

Our investigator didn't uphold Ms R's complaint. She didn't think there was anything more Monzo could have done to prevent the scam, as Ms R did not give honest answers when it questioned her about the payments. Ms R 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.

Having done so, I agree with the conclusions reached by the investigator and have decided not to uphold it.

Ms R says that she didn't authorise the payments made from her Monzo account as they were made by the scammer who was 'trading' on her behalf. So, I've considered whether there's enough evidence to suggest that Ms R authorised the payments.

The Payment Service Regulations (PSRs) 2017 say that a payment transaction is authorised by the payer where they have given their consent to the execution to the payment transaction. Such consent must be given in the form and in accordance with the procedure agreed between the payer and the payment service provider.

I understand that Ms R may not have physically made the payments herself. And I understand Ms R has said she was pressured into authorising the payments from her phone by the scammer, who was initiating the payments via remote access software.

The PSRs 2017 do allow for payment transactions to be initiated by someone acting on behalf of the account holder, which can be agreed informally (e.g. by the account holder

asking or permitting a third party to undertake a task on their behalf). And if the account holder has permitted a third party to appear as if they have the consumer's authority to make payment transactions, those payment transactions will likely be authorised, even in situations where the consumer didn't ask the third party to make payments or know about them.

In this instance, I'm satisfied Ms R was aware that payments were being made on her behalf and knew that the scammer was transferring money out of her Monzo account. Indeed, she even spoke to Monzo about these payments at the time and didn't say that she hadn't authorised them.

I have therefore treated all of the disputed payments as having been authorised by Ms R. And the starting position in this scenario is that firms ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed, with Ms R being presumed liable for the loss in the first instance.

However, I've considered whether Monzo should have done more to prevent Ms R 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 transfer. For example, if it was particularly out of character.

It's common ground that the payments Ms R made were from her Monzo account were considered unusual as they prompted interventions from the bank – such as the transfers she made on 21 and 24 May 2022 – where Monzo blocked the payments in order to make further enquiries through its in-app chat. Accordingly, it's just a question of whether the bank went far *enough* in all the circumstances with its interventions.

Having seen transcripts of the conversations Monzo had with Ms R, I can see it asked her whether anyone had contacted her and was asking her to move the money, to which she said they were not, despite this being untrue. Monzo also questioned why she was transferring money to her Wise account just to transfer it on again to her Revolut account. Ms R expressed her dissatisfaction with being questioned about what she was doing and explained that her crypto platform didn't allow withdrawals to Revolut accounts, which was why she opened a Monzo account so she could receive the funds.

Monzo asked Ms R to provide evidence of her Wise account to show it was in her name, in response to which she provided a screenshot. The bank noticed that she might have been sharing her screen with someone as there was a red banner appearing across the top of the screen, so it asked if anyone had told her download any remote access software. Ms R misleadingly told Monzo that they hadn't and explained that she was recording her own screen to keep a record of the conversations she was having with Monzo.

Having considered Monzo's interactions with Ms R, I accept that it could have probed further into the reason she was making the payments to her crypto wallet. She told it she was 'budgeting her funding', for example, but it failed to get to the bottom of what this meant or how she came across the investment. But even if Monzo *had* probed further into the circumstances of the investment, I'm not persuaded it would have received upfront an honest answers in response, as it didn't when it asked Ms R if anyone else was involved, or whether she had downloaded remote access software. I'm also aware that Ms R was not honest with her other banks that were involved in the scam when she was questioned further about what she was doing. I appreciate that she was being coached and pressured by the scammer about what to say, but it suggests she would've continued to mislead the bank at the scammer's instruction. I note that Monzo did also tell Ms R that it thought she might be falling victim to a scam, but she just expressed her dissatisfaction with the bank for preventing her from making the payments, which even led to a complaint being made before

she realised she'd been scammed. So, it doesn't seem she would've been prepared to listen to any form of scam warning either.

Overall, while I think Monzo's intervention could have been better, I'm not persuaded it would have ultimately prevented Ms R's loss in these circumstances, as it seems likely she would have continued to provide false information in order to make the payments. As such, I don't consider it would be fair and reasonable to hold the bank liable for failing to prevent the scam.

I've also thought about whether Monzo could have done anything more to recover the funds after the fraud was reported. However, in this instance, the funds were transferred to accounts in Ms R's own name, and we know the money was swiftly transferred on again to the scammer. So, there would've been no prospect of Monzo being able to recover any funds from the receiving accounts in these circumstances.

I appreciate this will likely come as a disappointment to Ms R, and I'm sorry to hear she has been the victim of such a cruel scam. However, I'm not persuaded that Monzo can fairly or reasonably be held liable for her loss in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 3 January 2024.

Jack Ferris  
**Ombudsman**