

The complaint

Mr A complains that Monzo Bank Ltd (“Monzo”) won’t refund over £11,000 he lost to a fake job 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 by a scammer, who I will call B, via a messaging service. B told Mr A that he would be paid for completing a number of tasks. After he started these tasks he was told that he had to pay various fees in order to release his “earnings”. Mr A made the following payments;

Transaction Number	Date	Type of Payment	Amount
1	09 April 2023	Card payment	£51
2	09 April 2023	Card payment	£18
3	10 April 2023	Card payment	£75
4	11 April 2023	Card payment	£20
5	11 April 2023	Card payment	£80
6	11 April 2023	Card payment	£300
7	28 April 2023	Card payment	£1,185
8	28 April 2023	Card payment	£50
9	3 May 2023	Card payment	£3,350
10	5 May 2023	Card payment	£1,990
11	5 May 2023	Faster Payment	£2,010
12	8 May 2023	Faster Payment	£2,000

When Mr A attempted to make a further payment on 10 May 2023 Monzo called Mr A to warn him that he might be being scammed. Mr A did not make that further payment and raised a complaint with Monzo asking for the transactions to be refunded. Monzo declined to do this but it paid Mr A £50 for the delays in investigating this matter.

Our investigator upheld the complaint in part. She thought that Monzo ought to have questioned Mr A about payment 8. The investigator thought, had that happened, the scam would likely have been stopped. Therefore, 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 disputed payments he made to the scammer. 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 transfer. For example, if it was particularly out of character for that account holder. I also note that Monzo does have the provision in its terms and conditions to stop payments if it believes they are fraudulent.

In this instance I am satisfied that payment 8 was out of character as Mr A had not made payments of this size in the past via card payment. It was also clear that this was a payment made to purchase crypto. I think by May 2023 Monzo should really have been aware of the dangers of crypto scams and given the pattern of payments before, and the size of this transaction, I'm satisfied this payment ought reasonably to have been considered as unusual and have triggered an intervention by Monzo.

Had Monzo contacted Mr A at this point and asked suitably probing questions, there is no reason to suggest he wouldn't have been forthcoming about what he was doing. (I note that initially during Monzo's intervention on 10 May 2023 Mr A said he was sending funds to a family member, but shortly afterwards he explained what he was actually doing, so I am satisfied that an intervention during transaction 8 would have gone the same way with Mr A setting out what he was making the payments for.) So, if Monzo had questioned Mr A about these payments, it would have likely discovered that he had been 'contracted out' by a company offering to pay Mr A for completing tasks, and that Mr A had been trying to recover a balance that he wanted to withdraw, and he needed to pay additional funds to achieve this. This is not how companies normally operate and it has all the hallmarks of a scam. I consider there would have been reasonable grounds for suspicion here. And Monzo ought reasonably to have provided a scam warning in light of all the information then known to financial professionals about the risks associated with scams such as these.

Monzo does not believe it is liable for Mr A's loss, as it said the loss occurred from his cryptocurrency accounts, rather than his Monzo account. However, Monzo is aware of our general position on a Payment Service Providers' safeguarding and due-diligence duties to protect customers from the risk of financial harm due to fraud. We have published many decisions on our website setting out these principles and quoting the relevant rules and regulations. Therefore, I won't rehash them again here in detail.

I appreciate that the cryptocurrency exchange in question is legitimate. But I think Monzo still should have provided a tailored scam warning in light of all the information known to banks about the increasing number of scams associated with cryptocurrency. I note that Monzo said it did issue a new payee warning but looking at it I do not think it sufficient and I think that a bigger intervention should have taken place. By the time Mr A made the payments, cryptocurrency scams had risen greatly in frequency and it's reasonable to conclude that banks, such as Monzo, had also had time to digest these warnings and put mechanisms in place to detect and prevent this type of fraud affecting its customers.

I recognise that if an intervention by Monzo had taken place, it likely would've identified that the payment was going to the consumer's own account with the cryptocurrency exchange in question. But I don't think the conversation should have stopped only on the basis that the money appeared to be going somewhere safe and within the consumer's control.

I say this because by the time Mr A made these payments, Monzo ought reasonably to have had a good enough understanding of how these scams worked, to have been able to identify the risk of harm occurring to its account holders from fraud. This includes the consumer often making a number of purchases of crypto assets in a relatively short space of time or a consumer repeatedly sending money to a platform where the money is subsequently moved on to or taken by the scammer. So, it is with this in mind that I think Monzo ought to have probed further about the nature and context of the payments Mr A was making.

In light of this, I think Mr A's losses were foreseeable to Monzo, despite the payment not leaving his control on the face of it. 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. In other words, but for Monzo's failure to make reasonable further enquiries, it would have been noticed that there was a very high chance that Mr A was going to suffer financial harm from fraud.

Had Monzo provided Mr A with a warning, it would have likely alerted him to the common issues arising in relation to scams. I think this, in turn, would have led Mr A to question whether he was in fact dealing with a legitimate business and would have likely stopped Mr A from making any further payments, much as Monzo's intervention on 10 May 2023 stopped any further payments being made.

As a result, I believe Monzo should refund the payments Mr A lost to the scam from and including payment 8.

There's a general principle that consumers must take responsibility for their decisions. And I have duly considered whether Mr A should bear some responsibility by way of contributory negligence. In the circumstances, I'm satisfied that he should do so in this case.

In the circumstances, I don't consider Mr A carried out sufficient due diligence to ensure that the company he was dealing with was genuine. Mr A was contacted out of the blue via a messaging service and was offered a "job". This is not something that usually happens.

I also think the tone of some of the messages from B were unprofessional, which again should have been a red flag for Mr A.

Finally, during the messages between Mr A and B, Mr A seemed initially sceptical about being paid to carry out, as he says "a few clicks", he questions this with B and the answer provided was *"every order we submit is real, when we submit an order the platform will automatically write reviews for us users, you help the attraction to improve the data and popularity, the attraction will pay the corresponding commission to the platform"*

This explanation is far from convincing and did not really make any sense. I also note that Mr A questioned if B was a scammer early on in the conversation.

Therefore, I'm satisfied that Mr A's lack of due diligence, and that he proceeded despite his reservations, means that he should share responsibility with Monzo. Because of this, I'm satisfied a 50% deduction is fair and reasonable in the circumstances for the debit card payments.

In relation to the faster payments, it is not entirely clear that they were covered by the Contingent Reimbursement Model, but even were they, I think that I would have only recommend that 50% of these payments be refunded as I don't think that Mr A acted with a reasonable basis of belief.

Recovery

In relation to recovering the funds I don't think that Monzo could have recovered the debit card payments. The main way to recover the payments would be to attempt a chargeback, but I don't consider Monzo ought to have attempted a chargeback claim, as Mr A made payments to get crypto and he seems to have received this before he forwarded it on to B. So he got what he paid for.

In relation to the faster payments, it is unclear if Monzo contacted the beneficiary banks to try and recover the funds, but on balance, given the time between the transactions and when it was notified about the scam, I think the funds would have been moved on before any recovery could have been attempted.

Putting things right

For the reasons given above, I uphold this complaint in part and direct Monzo Bank Ltd to:

- Refund the payments Mr A lost to the scam from and including transaction 8, 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

My final decision is that I uphold this complaint in part and direct Monzo Bank Ltd to pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 January 2024.

Charlie Newton
Ombudsman