

The complaint

Mr M has complained that Monzo Bank Ltd won't refund the money he lost after falling victim to a scam.

What happened

In spring 2023, Mr M was selling an item online. A scammer pretended to be a buyer. They emailed Mr M a link to provide his card details, saying it was to receive payment for the item. They instead used his card details to attempt two payments totalling £1,300. Mr M approved the payments in his Monzo app as he mistakenly thought he was being sent that money.

Monzo explained that they weren't liable for those payments, as Mr M had authorised them. And it wasn't possible for them to recover the money.

Our investigator looked into things independently and didn't uphold the complaint. Mr M didn't agree, so the complaint's been passed to me to decide.

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 understand that Mr M fell victim to a scam, and so he has my sympathy. I appreciate this can't have been an easy time for him, and I appreciate why he feels that his money should be returned. It's worth keeping in mind that it's the scammer who's primarily responsible for what happened, and who really owes Mr M his money back. But I can only consider what Monzo did. Having carefully considered everything that both sides have said and provided, I can't fairly hold Monzo liable for Mr M's loss. I'll explain why.

It's not in dispute that Mr M authorised the payments. Monzo's technical evidence shows that he approved them in his app using his PIN, and Mr M was open about the fact that he approved them himself. And it would've been clear what he approving – payments of specific amounts going to a merchant. So although Mr M was tricked and didn't intend the money to be spent by a scammer, under the Payment Services Regulations he is liable for the loss in the first instance. And broadly speaking, Monzo had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments that a customer authorises them to make.

Monzo should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But I also accept that a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether Monzo should have done more in Mr M's case.

However, these payments were approved by their genuine customer, in his secure app, with his correct PIN. The payments were not so large that I'd expect Monzo to intervene, were not out of character for the account, and I can't see that Monzo had sufficient reason to find them suspicious.

Next, I've considered what Monzo did to try to recover Mr M's money after he told them about the scam. While there are methods for trying to recover funds lost to scams, they only apply to certain types of payments, like bank transfers – but they don't apply to card payments like these. And Monzo couldn't reasonably have made a successful chargeback – chargebacks are for situations where the merchant got something wrong, like providing faulty goods. It was not a way of getting the money back from the scammer. So a chargeback wasn't appropriate. Ultimately, I'm afraid there wasn't anything more that Monzo could really do here.

I understand that Mr M would like Monzo to trace the funds and find the perpetrator. But Monzo are a bank, not a police force, and the money was sent to a separate, independent company through card payments that Mr M approved. Monzo don't have the power to trace the scammer in the way that Mr M would like.

Lastly, I understand that Mr M was unhappy with Monzo's customer service. But they dealt with the matter in good time, handled it professionally even when Mr M called them many times per day, and ultimately I've found that they came to the right outcome. I understand that they gave Mr M the wrong timescale for a payment – they said it would take 2-4 weeks when it should take closer to 1 week. But they then completed that payment in a couple of days, much faster than their timescale. I find that Monzo handled things well overall.

So while I'm very sorry to hear about what happened to Mr M, I cannot fairly hold Monzo responsible for his loss, and I cannot fairly tell them to refund the money in this case.

My final decision

For the reasons I've explained, I don't uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 February 2024.

Adam Charles
Ombudsman