

## **The complaint**

Mr L complains that Monzo Bank Ltd did not refund a series of payment he lost to a scam.

## **What happened**

Mr L met an individual I'll call 'X' through an online dating site. After some time, X introduced Mr L to investing in cryptocurrency and encouraged him to invest £2,400. Mr L thought he would have control of the funds but these went into a wallet he did not own, and he raised this as a claim with Monzo. Following this, the investment company explained he needed to pay fees to release his funds and his returns. He went on to pay two lots of £1,000, and a further £46 to the same platform. When he did not receive any of the funds in return, he realised he had been the victim of a scam.

Monzo took some time to provide Mr L with a meaningful response. When they did, they paid him £100 compensation in recognition of the delays. But they did not agree they needed to refund the money he lost to the scam, as they felt the loss originated on the cryptocurrency exchange.

Mr L referred the complaint to our service and our Investigator looked into it. They felt that the payments were not so unusual that Monzo should have flagged them for additional checks, so they didn't think Monzo missed an opportunity to reveal the scam. And they felt it was reasonable that Monzo did not process a chargeback claim to recover the funds.

Mr L disagreed with the outcome. In summary, he felt Monzo should have flagged the payments and he pointed out that this was not a small amount to him.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

## **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 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 to be good industry practice at the time.

I am satisfied that Mr L has been the victim of a particularly cruel scam, and I'm sorry that he's had to go through this experience. As these payments were made by debit card, they do not fall under the protection of the Contingent Reimbursement Model ("CRM") code which gives additional protection to scam victims. However, Monzo still has a duty to protect its customers from financial harm.

Broadly speaking, the starting position in law is that an account provider is expected to

process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr L authorised the payments as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Monzo was obliged to follow Mr L's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Monzo did enough to try to keep Mr L's account safe.

I've reviewed Mr L's statements to see if the payments themselves appeared unusual or out of character when compared to his genuine account activity. I can see Mr L did not use his Monzo account often, and I appreciate the payments in question were higher than others on the account. While I do understand the amount Mr L lost was significant to him and I do not want to minimise that, I have to consider the payments in the wider context of banking payments. In doing so, they are not considered 'high value' payments and they were relatively spread out over a few weeks. With all of this in mind, I don't think Monzo should reasonably have flagged these as suspicious, so I don't think they missed an opportunity to reveal the scam in the circumstances. And I don't think they need to refund Mr L.

The payments were made by debit card, so a chargeback is a relevant consideration in the circumstances. Monzo said they were unable to raise one in the circumstances as Mr L made a payment to another account in his name, however Mr L has explained that is not the case, as the payment went directly to the scammer's wallet. I've therefore considered if Monzo should have raised a chargeback claim.

The chargeback scheme is voluntary and is run by the card issuers and not Monzo. It should be noted there is no guarantee of success when a chargeback claim is raised. And I would only expect Monzo to raise a chargeback claim where there is a reasonable chance of success. The purpose of a chargeback is to settle disputes between consumers and merchants, with this in mind I don't think one would be relevant in the circumstances. The merchant Mr L processed the payment through provided the service he requested, so there would not be a relevant chargeback code that could be applied in the circumstances. Because of this, I think it was reasonable that Monzo did not raise a chargeback claim in this case.

## **My final decision**

I do not uphold Mr L's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 31 May 2024.

Rebecca Norris

**Ombudsman**