

The complaint

Miss H has a current account with Monzo Bank Ltd. In July 2022, she owned a van which needed a major repair. A man contacted her through social media and told her he could arrange the repair for her. She transferred just under £2,000 to him from her Monzo account.

The man didn't arrange the repair.

Miss H now believes the man was a fraudster and never intended to arrange the repair. She thinks Monzo should have stopped her sending money to him. It didn't, so she wants it to refund her the money she lost.

What happened

Miss H has given us a very detailed description of how the man contacted her and how she came to send him money. Monzo has not disputed her description of what happened, and I have taken it to be accurate.

In outline, Miss H has told us that she bought the van second-hand from a dealer and hadn't owned it for long when it developed a major fault. She described the problems on social media and the man contacted her to say he had experienced similar difficulties and offered to help her. They exchanged numerous messages and met on a couple of occasions. The man helped Miss H to get some money towards the cost of the repair from the dealer.

Miss H sent the man £100 from her Monzo account to thank him for his help up to that point. (This payment, the "*thank you*" payment, is not in dispute).

The man had gained Miss H's trust and told her that he had a friend who could carry out the repair for her but would need payment "*upfront*". The man asked Miss H to send the money to him, saying he would pass it on to his friend.

Miss H then made four payments to the man using Monzo's online banking services. The four payments were as follows:

- on 12 September 2022, she sent £1,000, the first payment,
- on 22 September 2022, she sent £300, the second payment,
- on 9 October 2022, she sent £200, the third payment,
- on 16 October 2022, she sent £425, the fourth payment.

(The total was £1,925)

During this time, the van was parked in a vehicle storage and repair yard. A few days after the fourth payment, the yard contacted Miss H to find out what was happening. It seems the yard hadn't received any money for storing the van and didn't know anything about if, when or how the man's friend would repair it. Miss H had believed the man had arranged all this, and now suspected fraud.

On 30 October 2022, Miss H reported her suspicions of fraud to Monzo. On 6 November 2022, Monzo contacted the man's bank to try to recover her money for her. But the man's bank said that it no longer had any of Miss H's money. So, it didn't return any.

I previously sent Miss H and Monzo a provisional decision about this complaint. In that provisional decision, I said that I didn't intend to tell Monzo to refund any money. But I gave both parties the opportunity to comment on my intention. The time I allowed for this has now passed. Monzo has not said anything, but Miss H has said she disagrees with me. She still thinks Monzo should refund her all the money she sent to the man.

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.

The main reason Miss H gave for disagreeing with my provisional decision was that she knew someone who “(went) through fraudulent behaviour” and got a full refund from a high-street bank. She has said she believes this is because different regulations may have applied to that case than to this one, which she thinks is unfair.

Obviously, I don't know anything about the other case Miss H has mentioned. But my role as an ombudsman is to consider each complaint individually, taking account of its specific circumstance and, amongst other things, the laws and regulations which apply in those circumstance. I have reviewed my provisional decision, and I am confident I did that this. So, I have not changed my decision about the outcome.

I will now explain my decision in more detail. But as Miss H's comments have not changed my mind or my reasons, what follows is largely a repeat of what I said in my provisional decision.

Sadly, fraud is a significant concern in the finance industry and occurs in several different ways. The type of fraud Miss M has described is known as Authorised Push Payment (APP) fraud. In these cases, a fraudster contacts potential victims, often but not always through social media, and persuades them to transfer money to an account the fraudster controls with the promise of goods or services, or an investment opportunity, or a romance, or something else, which the fraudster never intended to provide.

Although Monzo has not disputed the description Miss H has given us for how she came to make the four payments, it has told us that it doesn't think there was fraud in this case. It believes the case is a civil dispute between Miss H and the man and that it therefore has no role to play.

Monzo hasn't told us very much about why it thinks this case is a civil dispute, although it has described its conclusion as “*unfortunate*”. Given Miss H's description of what happened, which I am confident is accurate, I think her complaint has many of the characteristics of APP fraud. I accept that I can't tell for certain what the original intentions of the man may have been, but I'm satisfied that it's pretty likely they were fraudulent. Therefore, to give Miss H a fair hearing and solely for this decision, I have considered this case as if it was one of APP fraud. From now on, I have therefore referred to “*the man*” as “*the fraudster*”.

There is no doubt that Miss H followed Monzo's normal online banking procedures when she made the four payments to the fraudster. By doing so, she effectively instructed Monzo to make the payments for her.

While banks are normally expected to act on their customers' instructions, they also have a role to play in trying to stop fraud. At the time of Miss H's payments, I would have expected Monzo to be looking out for unusual payments, or unusual patterns of payments. And if it saw anything suspicious, I would have expected it to check with the customer concerned and confirm (or otherwise) that the customer wanted to go ahead.

The "*thank you*" payment was the first Miss H made to the fraudster. Monzo has told us that it sent her what it has described as a "*Low App Warning*" before it allowed the payment through. I gather that Monzo sent this warning as the fraudster was a new payee for Miss H and that it consisted of some questions for Miss M about whether she knew the payee (the fraudster) and some general advice about avoiding fraud. Miss H has accepted she received such a warning and has told us that she answered the questions honestly, which I accept. This included saying she knew the fraudster, which was reasonable as she had met him and considered him to be genuine.

I understand that Monzo did not make any significant checks for the first payment. I accept that by this time the fraudster was no longer a new payee for Miss H, but the first payment was for significantly more money than most of Miss H's payments from her account. I think it should have triggered some suspicions from Monzo and that Monzo should have contacted Miss H about it.

However, if Monzo had contacted Miss H with appropriate and proportionate warnings and questions about the first payment, I think she would have told it to proceed. After all, at that time she fully believed that the fraudster was genuinely trying to help her. She has told us she "*had no doubt* (that the fraudster was legitimate), he (had) *helped (her) get money back from the sale garage*". So, although Monzo may have fallen short in not warning Miss H, I don't think its shortcoming caused her loss.

I also understand that Monzo did not contact Miss H before processing the second, third and fourth payments. These were all for smaller amounts than the first payment. They more closely resembled the way Miss H normally used her account. So, I am less certain that Monzo should have contacted Miss H about them. More importantly, the fraudster still had Miss H's trust, so even if Monzo had contacted her, I think she would have told it to go ahead. I don't hold Monzo responsible for Miss H's loss from the second, third and fourth payments.

Once a customer has told a bank of suspected fraud, I expect the bank to try to claim the money back from the fraudster's bank. This can be very difficult, as once fraudsters receive money into an account they control, they usually move it somewhere else quickly to reduce the chances of such attempts at recovery succeeding. So, time is of the essence.

From the information I have, it seems that around six days passed from the time Miss H reported the fraud to Monzo until it tried to recover her money for her. I think this was too long. However, by the time Miss M reported the fraud, almost two weeks had already passed since the fourth payment. So, even if Monzo had acted promptly, I very much doubt it would have been able to recover any money for her.

In summary, although I think Monzo should have alerted Miss H to possible fraud at the time of the first payment, I think it's highly likely that she would have told it to go ahead. Similarly, although I accept that it may have been prudent for Monzo to contact Miss H about the second, third and fourth payments, I again think she would have told it to proceed. And while I think Monzo could have acted more quickly in trying to recover Miss H's money after she reported fraud, I think it was already too late for it to have had any real chance of success. I don't hold Monzo responsible for Miss H's losses.

Before closing, I would like to say how sorry I am to hear about what happened to Miss H. As well as causing financial loss, falling victim to fraud is very distressing and upsetting. Miss H has my sincere sympathy for the awful treatment she received at the hands of the fraudster. I hope very much that she will not be treated in this way again.

My final decision

For the reasons I have given above, I am not upholding Miss H's complaint against Monzo Bank Ltd. I am not going to tell it her any money back.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 16 February 2024.

Steve Townsley

Ombudsman