

The complaint

F, a limited company, complains that Monzo Bank Limited didn't do enough to prevent the loss it suffered when it sent money to a Monzo account as the result of a scam.

Mr J (a director of F) brings the complaint on its behalf and has used a representative when doing so. But for ease of reading, I'll mostly just refer to Mr J, when I mean his company F or the representative.

What happened

The background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Mr J says he was tricked into making payments to a scammer, believing at the time that he was paying deposits and the initial rent for properties he could then sublet.

He describes how he'd checked the scammers company details with companies house, had seen his social media which supported he was in that business, as well as meeting the scammer in person and being shown the properties. Believing this to be a legitimate business relationship, Mr J made a series of payments from F's account with its own bank 'T'. Some went to another bank 'S', but those most relevant to this complaint went to a Monzo account.

In August and September 2022 Mr J made six payments to the Monzo account which together totalled £33,950. When the scam was reported I understand that £766.29 was recovered and returned leaving the outstanding loss as £33,183.71. Also in August 2022 as part of the same scam, Mr J made payments from F's account of £8,500 to an account held with S.

Mr J later complained to T, S and Monzo. Complaints about T and S have already been considered by our service and neither were upheld.

Mr J's complaint to Monzo was that they'd failed by allowing a scammer to open and operate an account and as such he thinks they are responsible for his loss. Monzo didn't agree and one of our Investigators later recommended that the complaint should be upheld. She thought Monzo should pay Mr J around £37,000 plus 8% simple interest. Her reasons for this were that she said Monzo hadn't provided evidence to our service to support their position. Mr J accepted this outcome and when Monzo didn't respond, the complaint was progressed for an Ombudsman's decision. In December 2023 I issued a provisional decision in which I said:

"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'm intending to reach a different outcome compared to that of our Investigator. And so I'm issuing this provisional decision to give both sides a further

opportunity to comment before finalising my decision.

The evidence provided by Mr J supports that the scammer had access to more than one account, specifically at least the account with S in addition to the one at Monzo. In light of this, I don't think anything Monzo did when opening the account, or in their monitoring of the account prior to the arrival of Mr J's funds has impacted the loss he has suffered. I say this as if Monzo had had concerns about the account and had taken steps to close or inhibit it (or had never opened it in the first place), its most likely the scammer would have instead directed Mr J to make payments to his account with S. And I don't think Mr J would therefore have ended up in a meaningfully different position. So if there were any failures by Monzo in this regard (which for clarity is something I make no finding on), then I don't think it could be fairly said that those alleged failures would have caused Mr J's loss.

That being said, funds were sent to the Monzo account. And so I've gone on to consider whether Monzo ought to have done more. I don't think the arrival of Mr J's funds in the account was so unusual or suspicious such that I'd have expected Monzo to have done more before applying them to the account. I've next gone on to look at how the funds left the account. And there was nothing so unusual, suspicious or indicative of potential fraud where I'd have expected Monzo to have intervened in the operation of the account. I don't think the sums involved and the way in which payments were made would have stood out to Monzo at the time compared to how the account usually operated.

Finally, I've looked at the actions Monzo took when informed that Mr J's payments had been made as a result of a scam. I can see that the £766.29 that was returned was all that remained in the account at that time. So, I don't think Monzo failed with regard to the recovery. I'm satisfied they returned all the funds that remained in the account at the point of notification.

So overall, whilst I'm obviously sorry to hear Mr J suffered a loss as a result of an alleged scam, I'm not persuaded that Monzo are responsible for this. And in these circumstances, despite my natural sympathy for Mr J, there isn't a reasonable basis upon which I can require Monzo to do more to resolve this complaint."

Monzo responded and said they had nothing further to add. Mr J didn't respond to my provisional 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.

As neither party had any further information or evidence for my consideration, I see no reason to deviate from the outcome explained in my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 15 February 2024.

Richard Annandale
Ombudsman