

The complaint

Miss C complains that Monzo Bank Ltd hasn't refunded her after she fell victim to a scam.

What happened

The circumstances of this complaint are well-known to all parties, so I'll only provide a summary of key events here.

Miss C fell victim to a job scam. She was instructed to perform online tasks and make purchases. She had to put money into an account to facilitate her work. She made four payments – totalling £2,720 – on 2 March 2023, sending the money to account details provided by the scammer. But everything she was told was a lie and there was no job.

Miss C realised she'd been the victim of a scam within an hour of the last transaction and reported it to Monzo at 20:16.

Monzo asked some questions about the scam and recorded the details. It said it'd get back to Miss C with an update.

Monzo contacted the bank the money was sent to, telling it about the scam and requesting a return of any funds that remained. It sent emails at 8:37 and 8:39 on 3 March 2023, but both were reported as undelivered.

Over the course of the next two months or so, Miss C repeatedly requested updates on what was happening. But she didn't receive any detailed response and wasn't told the outcome of her scam claim.

It took until 25 May 2023 for Monzo to respond to Miss C in full and issue a final response. Monzo said it wouldn't refund Miss C as she'd not conducted enough checks to satisfy herself the job opportunity was legitimate.

Monzo did recognise that it ought to have answered the complaint sooner and offered Miss C £150 in compensation.

In the time it had taken Monzo to issue its final response Miss C's account had become overdrawn. She flagged this with Monzo, along with the financial difficulties she was experiencing, and it agreed to suspend charges between 16 May 2023 and 23 July 2023.

Miss C had become very distressed whilst awaiting the outcome of the scam claim. This distress was relayed by her to Monzo. She went as far as to say she felt suicidal. This led to Monzo raising a welfare case with the police, which resulted in officers attending Miss C's home address. Miss C says her door was damaged as a result and she thinks Monzo should pay for the repairs.

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'm satisfied Miss C's complaint should be upheld, with Miss C receiving a full refund of her loss.

The money lost to the scam

Miss C did authorise the payments and so would normally be liable for them – as per the Payment Service Regulations (2017) – but there are other considerations to apply here.

Notably, there are long-established best practices in place for the recovery of funds lost to a scam. These were introduced by UK Finance in 2018 as the Best Practice Standards (BPS). And, whilst firms can choose whether to sign-up to the BPS or not, they have become the expected industry standard, even where a firm isn't a signatory. That means they ought to be adhered to by all relevant firms, including Monzo.

Monzo has said in its response to the complaint with this service that as the BPS is voluntary it isn't bound to its content. It's suggested the BPS is little more than a guide on how firms should act and that it sets out what should 'ideally' happen. But I find that's a fundamental misunderstanding and reflects a position entirely at odds with the spirit of the BPS, as well as developments in industry guidance and accepted best practice since 2018.

The BPS states that, where a scam has been reported, contact with a receiving bank and attempts to recover funds ought to take place *immediately*. The BPS doesn't give a definition for what immediately means. But I – and this service as a whole – consider that a fair and reasonable interpretation would be for action to be taken within an hour.

Here, Monzo didn't act for around twelve hours. I don't believe that could fairly and reasonably be described as immediately, either generally speaking or in the specific circumstances of this case. So it has failed to meet the accepted and expected industry standards. And I'm mindful here that Monzo ought to be aware that acting as quickly as possible is imperative when trying to recover funds lost to a scam.

Importantly, it's failure to follow those standards has more likely than not crystallised Miss C's loss. The bank that received the money has confirmed it remained in the account it was sent to until 15:00 on 3 March 2023. It's also confirmed that if it had been made aware of the scam it would have frozen the funds and returned them to Miss C. It's then fair and reasonable to conclude that had Monzo acted as quickly as it ought have, Miss C wouldn't have suffered a loss at all. Because of that error, Monzo ought now compensate Miss C for that loss by paying her the full amount.

I have considered the fact that the emails Monzo did send bounced back. I can't say exactly why that is. The email address used appears to have been correct. But I still don't think Monzo did enough. It knew the emails hadn't been delivered, and yet it took no further action. It didn't try to contact the receiving bank by any other means. Nor did it tell Miss C what was happening, so that she might contact the receiving bank herself. I find it would have been appropriate, as well as fair and reasonable, for it to have done so. If it had, and had done so in a fair and reasonable timeframe, there would still have been ample opportunity for the receiving bank to freeze the funds.

As Miss C ought to have had her money back by around 5 March 2023, I find it's fair and reasonable for Monzo to pay interest on the sum lost at 8% simple per year. But it should be noted that much of the money sent was borrowed from Miss C's mother. So that portion shouldn't attract a payment of interest; only the £120 that was Miss C's own money should.

There are other considerations that could be applied to this case, including thinking about whether Miss C is due a refund under the CRM Code. But it isn't necessary for me to go over those considerations, or make further findings, as I've already established that Monzo ought to compensate for Miss C's loss.

Overdraft charges

Monzo has already waived some overdraft charges. It's said it wouldn't consider any more as the scam payments didn't lead to the overdrawn position, later transactions did. But this doesn't take account of the fact Miss C ought to have been refunded back in March 2023. I

find it's fair and reasonable to say Miss C could have managed her account much better, had Monzo recovered her money when it ought have. And so it should refund any interest and charges applied to her account from 5 March 2023 through to the date of settlement.

Damage to Miss C's door

I've seen the messages Miss C sent to Monzo and I can understand why it had concerns for her welfare. I don't think it acted inappropriately or unfairly in contacting the police for safeguarding purposes. And it wouldn't be fair and reasonable to say Monzo ought to bear responsibility for the actions of the police from that point.

Distress and inconvenience suffered

There's no doubt that Miss C has been through emotional and financial turmoil because of the scam. And the blame for that must be attributed to the scammer.

However, it's clear Monzo hasn't treated Miss C well in her pursuit of a refund. It failed to recover her funds when it could and should have. And it also didn't deliver an answer on refunding her loss, or to her complaint about the same, for over two months from the date of reporting. That is an unacceptably long time and breaches well-established response deadlines.

It's true an early final response was provided by Monzo in March 2023. But this gave Miss C no indication of what was happening or the likelihood of a refund. It's also true that Monzo continued to engage with Miss C – albeit poorly – about the scam, leading to a position where she reasonably expected more of an answer. But that answer wasn't forthcoming for months.

I'm also mindful that Miss C had made it abundantly clear that she was suffering financial difficulties and that her mental health was in a terrible state. Yet that doesn't appear to have prompted more urgent action from Monzo.

Monzo has acknowledged its failure to respond in good time and offered £150 in compensation. But given the circumstances I've described I'm awarding a further £150 (meaning a total of £300).

Putting things right

Upon Miss C's acceptance Monzo should:

- Pay Miss C £2,720, representing her loss to the scam;
- Pay interest on £120 of that sum at 8% simple per year, calculated from 5 March 2023 to the date of settlement;
- Pay Miss C £150 in compensation, in addition to the £150 already offered (meaning a total of £300).

My final decision

I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 1 March 2024.

Ben Murray
Ombudsman