

The complaint

Mr A complains that Monzo Bank Ltd (Monzo) is refusing to refund him the amount he lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr A had been applying for work when he was contacted by the business 42Matters (X). X said they had found his information via an online jobsite.

X offered Mr A a job which consisted of Mr A completing online tasks in exchange for a weekly wage. Mr A was also required to open an account with X and a crypto currency exchange to send funds to X.

After making several payments in relation to the job, Mr A realised he had fallen victim to a scam.

Mr A made the following payments in relation to the scam from his Monzo account:

Date	Payee	Payment Method	Amount
20 July 2023	OnlyChain (ByBit)	Debit Card	£40.36
21 July 2023	OnlyChain (ByBit)	Debit Card	£16.23
22 July 2023	OnlyChain (ByBit)	Debit Card	£71.66
23 July 2023	OnlyChain (ByBit)	Debit Card	£482.66
23 July 2023	OnlyChain (ByBit)	Debit Card	£96.65
23 July 2023	OnlyChain (ByBit)	Debit Card	£291.26
24 July 2023	OnlyChain (ByBit)	Debit Card	£1,208.50
24 July 2023	OnlyChain (ByBit)	Debit Card	£3,175.52

Our Investigator considered Mr A's complaint and didn't think it should be upheld. Mr A disagreed, so this complaint has 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.

It has not been disputed that Mr A has fallen victim to a cruel scam. The evidence provided by both Mr A and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Mr A lost due to the scam.

Recovering the payments Mr A made

Mr A made payments into the scam via his debit card. When payments are made by card the only recovery option Monzo has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mr A was dealing with X, which was the business that instigated the scam. But Mr A didn't make the debit card payments to X directly, he paid a separate cryptocurrency exchange (OnlyChain). This is important because Monzo would only have been able to process chargeback claims against the merchant he paid (OnlyChain), not another party (such as X).

The service provided by OnlyChain would have been to convert or facilitate conversion of Mr A's payments into cryptocurrency. Therefore, OnlyChain provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mr A paid.

Should Monzo have reasonably prevented the payments Mr A made?

I think it's most likely Mr A authorised the payments that were made from his account with Monzo, albeit on X's instruction. So, the starting point here is that Mr A is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and intervened when Mr A made the payments. And if it had intervened, would it have been able to prevent the scam taking place.

The first payments Mr A made in relation to the scam were for relatively low values, so I don't think it was unreasonable that they didn't trigger Monzo's fraud prevention systems prompting it to intervene. However, by the time Mr A made the final payment into the scam he was making the second payment of the day totalling more than £4,000. I think that with Monzo's knowledge of cryptocurrency scams this payment should have prompted it to intervene at this point.

Considering the payments Mr A was making were to a cryptocurrency exchange I would have expected Monzo to have provided a tailored written warning relevant to cryptocurrency investment scams at the point Mr A made the last payment in relation to the scam.

But I don't think this would have made a difference. The warning that should have been provided would not have been relevant to the circumstances Mr A was experiencing. He has explained he was falling victim to an employment scam. I would not expect this type of warning to have acted as a deterrent to Mr A.

Overall, I don't think Monzo missed an opportunity to prevent the scam from taking place, so it is not responsible for Mr A's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 July 2024.

Terry Woodham
Ombudsman