

## The complaint

Miss G complains that Monzo Bank Ltd (Monzo) won't refund money she lost in a safe account scam.

## What happened

### *What Miss G says:*

On 15 August 2023, Miss G was called by a person claiming to be from Monzo. She said someone had her bank account details and was trying to take out a loan in her name. He said her funds were at risk and told her to move them to a 'safe account'. The scammer sent her a Monzo verification code which appeared in the same thread as other Monzo codes. She moved money from her savings pot to her current account. She was then asked to press the 'accept' key on a notification she was sent – for the money to go to a safe account.

Date	Payment	Amount
15 August 2023	Card payment to merchant	£1,100

As soon as this happened, Miss G realised it was a scam and called Monzo. At first, Monzo said the money would be refunded by 23 August 2023, but after investigation, they declined to make a refund.

Miss G says she is now in financial difficulty. The money was all of her savings and had been given to her by her father. She has now lost her job and hasn't got the motivation to get another one. She is severely stressed and anxious about what happened.

### Miss G complains:

- She reported the scam to Monzo straight away and asked them to stop the payment.
- Monzo told her she would get the money refunded, but this hasn't happened.
- It took more than three months to sort out.

### *Monzo said:*

Monzo didn't provide a final response until 9 November 2023. It said they'd made no errors in making the payment. But they accepted they'd misinformed Miss G that she would get the money back, and also apologised for taking so long to give her an answer to their investigation. For those things, they paid compensation of £205.

### *Our investigation so far:*

Miss G brought her complaint to us. Our investigator based his view on the information given by Miss G – as Monzo hadn't by that stage provided any information to us. He said Monzo acted reasonably in making the payment. It was for a relatively low amount, and Monzo wouldn't have therefore been alerted that it needed to be stopped.

Miss G asked Monzo to stop it – but they couldn't as it was a debit card payment and couldn't be cancelled. And when the merchant (to who the money was paid) claimed the payment, Monzo had to send the money, in accordance with Miss G's instructions.

He accepted that Monzo had said they'd get the money back but didn't think they needed to do anymore.

Miss G asked that an ombudsman look at her complaint. In the meantime, Monzo provided us with more information about what happened, and as part of that, sent Miss G a final response, and paid the compensation of £205.

### **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 sorry to hear that Miss G has lost money in a cruel scam. It's not in question that she authorised and consented to the payments in this case. The payment was authorised in her mobile phone. So although Miss G didn't intend for the money to go to a scammer, she is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case. But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss G when she made the payment, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides refunds in some circumstances where a scam has taken place. But – it doesn't apply in this case, as it doesn't cover payments made by cards.

In this case, Monzo have provided evidence which shows that Miss G authorised the payment by debit card, and via her mobile phone – either because it was a ‘trusted device’ (i.e. Miss G had used it for debit card payments before), or she used a PIN or SMS approval code.

And – as the payment was a card payment, it was ‘guaranteed’ – so Monzo could never have stopped it. I can see the funds were sent to a merchant (e.g. a shop/retailer business). And under the MasterCard rules, when the merchant claims the money, Monzo have to send it to them. And that’s what happened here – the merchant claimed the money, and Monzo had to send it, and debit Miss G’s account.

They also showed us that when Miss G called Monzo, she said she’d responded to a ‘phishing’ text or email about a failed parcel delivery. If she then responded with her card details, then it looks to me – that’s how the scammer likely got hold of her card and account information, and how they then carried out the scam.

I consider Monzo weren’t in a position to refund the money Miss G lost – because the debit card payment couldn’t be stopped, and the merchant claimed the money under the card scheme rules.

I’ve gone on to consider Monzo’s communications with Miss G. The online chats show Miss G contacted Monzo on 15 August 2023 –within 30 minutes or so of the payment being made. Monzo’s chat staff said *“I can see that the payment is in holding. If the money is not collected, it will automatically be reversed back into your account on Wed, Aug 23rd 2023....”* So, this was correct as it said – *IF* the merchant did not claim the money, the payment would be reversed back to Miss G’s account.

Miss G then asked some more questions, and ten minutes later, the chat staff said: *“The funds will automatically be reversed into your account on Wed, Aug 23rd 2023.”*

Later on – on 28 August 2023, Monzo corrected the error and said :*” I’m so sorry about what you have experienced. I had a look into this for you and I can confirm that this payment had (sic) now presented, which means the merchant has collected the money”.*

So – I can see why Miss G thought the money would be refunded, as Monzo had told her that. And Monzo have accepted this was an error in communications – and agreed to pay compensation. But – I don’t consider that means Monzo should have to refund the amount of £1,100 – it was an unfortunate error in communications.

Monzo have also accepted this error and apologised that their investigation took a long time. And paid total compensation of £205 – which I think is the right thing to do in the circumstances.

So, in summary, I consider the compensation of £205 is appropriate and sufficient to deal with Miss G’s complaint. **(continued)**

**My final decision**

Monzo Bank Ltd has already paid compensation of £205 to settle the complaint and I think this offer is fair in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 28 February 2024.

Martin Lord  
**Ombudsman**