

## The complaint

Mr N complains that Monzo Bank Ltd ('Monzo') won't refund him the money he lost when he fell victim to a scam.

## What happened

Mr N fell victim to a task-based employment scam in April 2023. Mr N says that he was looking for work and had sent his details to various agencies. He was contacted via a messaging app by someone purporting to be from an employment agency (but was actually a scammer), who discussed a job where he could work remotely. The scammer told Mr N that his details would be passed on to the company. Mr N then received messages from someone at a company I'll call K.

Mr N no longer has any of the messages that were shared with the recruiter or with K, but he has been able to provide some screenshots and some additional information to help me to understand what happened. It seems that the scammer told Mr N that he needed to complete a set number of tasks online and provide data in respect of items that were being sold with the aim of boosting sales. Mr N had a trading account and was also required to set up a cryptocurrency account with a legitimate platform. He was added to a group chat where others shared details of the job and the amounts they were earning.

I understand that Mr N was required to temporarily top up his trading account with his own money if the value of the items being analysed exceeded the amount he had in his trading account. He could do so by sending cryptocurrency via his account with the cryptocurrency exchange. Mr N was told that he would get his money back, along with commission, when he was paid after completing the requisite number of tasks.

Mr N made the following payments as instructed by the agent of K.

Date	Amount	Recipient
02/04/23	£1000.50	1
02/04/23	£4,002	2
04/04/23	£6,042	3
<b>Total</b>	<b>£11,044.50</b>	

Recipients one, two and three were individuals who legitimately sold cryptocurrency to Mr N using a peer to peer platform. This cryptocurrency was later moved to wallet details provided by the scammer.

Mr N realised he was the victim of a scam when he was asked for more funds and a friend suggested he might be the victim of a scam. He contacted Monzo on 5 April 2023.

Monzo didn't agree to refund any of Mr N's loss. It said Mr N didn't take enough steps to check who he was paying and what for. But Monzo did recognise that it didn't complete its investigation within the timescale it gave Mr N and that its complaints team took longer than it should to provide a final response. In recognition of the impact of these delays Monzo

credited Mr N's account with £175 (£150 for the delay in investigating and £25 for the delay in providing a final response).

#### *Our investigation so far*

The investigator who considered this complaint recommended that it be upheld in part. She said that prior to the scam Mr N used his account to make relatively small payments so the second payment of £4,002 ought reasonably to have led Monzo to intervene. By this time Mr N had transferred over £5,000 in a short timescale. Had Monzo intervened, the scam would have been uncovered and Mr N's further loss prevented. The investigator didn't think there should be a deduction for contributory negligence as, at the time, there were no negative reviews in respect of K. So, the investigator concluded that Monzo should refund the second and third payments in full.

Monzo didn't agree with the investigator's findings and asked for a final decision, so the complaint was passed to me to decide. It said it didn't agree that there was no contributory negligence because:

- Mr N didn't carry out any checks.
- The lack of any reviews ought to have been a red flag that something wasn't right.
- Genuine employment opportunities aren't usually found on the messaging site Mr N was contacted on.
- The pay that Mr N was offered wasn't realistic for the job type.

Monzo also said that there was no evidence intervention would have prevented further loss given that Mr N was convinced the job offer was legitimate.

I issued my provisional decision on 18 December 2023. In the 'What I provisionally think – and why' section I said:

*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 about the impact of this cruel scam on Mr N.*

*In deciding what's fair and reasonable, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.*

*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.*

*The Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) only applies to faster payments between UK GBP denominated accounts, so it isn't relevant here.*

*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 made 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.*

*In this case, I don't consider Monzo acted unfairly or unreasonably in allowing the first payment to be made. It was for a relatively small amount and an unusual pattern of payments hadn't emerged. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. If all payments such as this were stopped while further enquiries were made, many legitimate payments would be stopped which would cause significant disruption and delay.*

*Mr N made a second payment of £4,000.50 very shortly afterwards meaning that he had set up two new payees and transferred £5,002.50 in the space of just over an hour. This was unusual for Mr N given his previous payment history in the six-month period before the scam. Mr N hadn't used his account at all between 1 November 2022 (and from what he tells me, some time before this) until 27 March 2023. He then made some low value transactions (below £300) before the scam transactions. So a payment of £4,002 soon after a transaction of just over £1,000 was very unusual for Mr N.*

*I agree with the investigator that Monzo ought reasonably to have intervened and asked what the second payment was for and other questions to satisfy itself Mr N wasn't at risk of financial harm. I'm not satisfied Monzo's on-screen warning which asked if it could be a scam went far enough and it's clear it didn't resonate with Mr N.*

*I've considered what would most likely have happened if Monzo had intervened as I think it should. I see no reason why Mr N wouldn't have told the truth about the reason for the payment, in which case I think the scam would quickly have been uncovered. I haven't seen anything in the evidence provided to suggest that Mr N was given a cover story or wouldn't have told Monzo the truth as it suggests. Legitimate employers don't ask people to make upfront payments or to buy cryptocurrency. Monzo is the expert here and ought reasonably to have picked up on red flags, particularly given the prevalence of scams of this nature.*

*I've gone on to consider whether Mr N should share responsibility for his loss. I'm satisfied that he should, broadly because the opportunity he was offered didn't sound genuine and I think Mr N should have completed more checks before getting involved. I've set out below some of my reasons for reaching this conclusion.*

- *Mr N received unexpected contact via a messaging app from someone who said they were from a recruitment company. There was no evidence that the person messaging was from a genuine recruitment company. It's also unusual to receive contact about genuine roles in this way.*
- *There was nothing to link the person who messaged Mr N and said they were from K with the genuine company.*
- *Mr N has accepted that he didn't complete any research before making the payments. I appreciate that Mr N says the website seemed genuine and others on the chat were positive about the job, but I don't consider those factors meant Mr N shouldn't have looked into things further, particularly as he was being asked to pay funds upfront. Everything that led Mr N to think the opportunity was genuine was provided by the scammer and not verified.*
- *Mr N didn't receive a contract to set out the terms of his agreement with K, which is unusual.*
- *The nature of the job was unusual and implausible, and I think this ought to have led Mr N to complete some research.*
- *I think Mr N ought reasonably to have had serious concerns about being asked to buy and transfer cryptocurrency in connection with a job. I haven't been provided with*

*a plausible explanation for this. No legitimate employer would ask an employee to pay money in this way in order to receive a salary/commission.*

- *Mr N has said that he tried to make transfers from his bank, but his bank's security stopped them. There is no evidence that Mr N's bank gave any scam advice, but the fact his bank wasn't prepared to make the payments, along with the other factors I've mentioned, ought reasonably to have made Mr N think more about what he was being asked to do.*

*Based on all of these factors, I'm satisfied Mr N should reasonably have been concerned by the requests for him to make large payments as part of his job. So, I think Mr N had a role to play in what happened and I consider he should share responsibility for his loss in respect of the second and third payments in the table above.*

*Finally, I've considered the service Monzo provided to Mr N. Whilst the scammer(s) are responsible for most of the upset caused, I don't think the service Monzo provided was good enough at an already difficult time and will explain why.*

*I can see from the chat history provided by Monzo that Mr N first mentioned a scam on 5 April 2023, but Monzo didn't communicate its decision until 26 June 2023. In the intervening period Mr N regularly contacted Monzo for an update and made clear the impact the loss of the scam funds was having on him and how desperate he was feeling. Mr N raised serious issues. I don't consider Mr N's case was a particularly complex one to investigate and think Monzo's delays and lack of updates had a significant impact on him. I'm pleased to see that Monzo's specialist team reached out to Mr N and signposted him to organisations that could help him, but this was only days before Monzo communicated its claim decision. Taking all these factors into account I'm provisionally minded to require Monzo to pay Mr N an additional £100 compensation.*

*Overall, whilst I'm sorry to hear about what has happened, I can't reasonably ask Monzo to refund Mr N in full.*

Both parties responded to my provisional decision. I've summarised their main points below:

Mr N

- Monzo's system only allowed him to raise the last three transactions, but his loss was greater.
- If Monzo had called him to discuss the transactions and warned him about the scam he could have saved £10,000. The transactions were unusual and other banks check payments like them with the customer.
- Mr N asked that the last two transactions be refunded in full because he borrowed funds to make these payments.
- He was desperately looking for a job. Mr N accepts he didn't complete any checks or research, but says he wasn't aware of this type of scam.

Monzo

- There was nothing to indicate Mr N was buying cryptocurrency as his payments went to another bank and an electronic money institution. The payments were legitimate payments to third party accounts, so Monzo had no reason to intervene.
- The scam payments weren't from Mr N's account with Monzo so it would be unfair to hold Monzo responsible.

### **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.

After carefully considering the response I have received from each party, my decision is as set out in my provisional decision (and reproduced above).

Mr N has said his loss was greater than the three payments listed in the table above. I have looked at his statement and can see it is possible further payments form part of this scam. As they were all low value transactions (below £300) I can't reasonably conclude that Monzo ought to have had any concerns about them.

I agree with Mr N that some transactions were unusual and that Monzo should have done more to protect him from financial harm. This is why I have awarded him 50% of the second and third payments. But I also need to consider the legal principle of contributory negligence which means I must take into account Mr N's actions. I'm afraid the fact that he borrowed funds which he has to pay back doesn't change this. I appreciate Mr N was desperately looking for a job, but I think he ought reasonably to have carried out some research and had concerns about paying cryptocurrency to an employer. He has accepted that he didn't complete any checks.

I turn now to the points raised by Monzo. I am aware that it wouldn't have known Mr N was buying cryptocurrency as he paid individual accounts. My point is that the transactions I have highlighted were so unusual and out of character that Monzo ought reasonably to have asked Mr N about them – at which point Monzo would have established Mr N was buying cryptocurrency as part of a job scam.

Monzo has also said that Mr N's loss wasn't from his account with Monzo, as he legitimately bought cryptocurrency from the individuals he sent his funds to and then transferred cryptocurrency to the scammer. I'm satisfied it would be fair to hold Monzo responsible for Mr N's loss (subject to the 50% deduction). The potential for multi-stage fraud of this nature ought reasonably to have been well known to Monzo and as a matter of good practice it ought fairly and reasonably to have been on the look-out for payments that presented an additional risk. This includes payments in multi-stage scams.

Overall, I'm satisfied Monzo should reimburse Mr N as set out below.

### **My final decision**

For the reasons stated, I require Monzo Bank Ltd to:

- Refund £5,022; and
- Pay interest on the above amount at the rate of 8% simple per year from the date of each payment to the date of settlement; and
- Pay Mr N an additional £100 compensation.

If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr N how much it has taken off. It should also give Mr N a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 23 February 2024.

Jay Hadfield  
**Ombudsman**