

The complaint

Mrs M complains that Monzo Bank Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In August 2023, Mrs M was looking for work and was contacted by someone who said they worked for a marketing company that was hiring. She was told the job involved completing orders to improve word of mouth and data for clients of the marketing company, and that she would earn commission on each order she completed. She was then told to open an account with Monzo and shown how to make payments to the marketing company's platform using cryptocurrency in order to fund the orders she would complete.

Mrs M then made two payments from her Monzo account to purchase cryptocurrency, which was then sent on to wallet details she was given for the marketing company. I've set out the payments Mrs M made from her Monzo account below:

Date	Amount
13 August 2023	£380
14 August 2023	£1,520

Unfortunately, we now know the marketing company was a scam. The scam was uncovered after the person Mrs M was speaking to blocked her when she questioned why the platform was asking for more money from her. Mrs M then reported the payments she had made to Monzo and asked it to refund the money she had lost.

Monzo investigated but didn't agree to refund the payments Mrs M had made, as it didn't think she took reasonable steps to check who she was paying. Monzo did offer Mrs M £25 as compensation for the poor customer service it gave her. But Mrs M wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Monzo should have identified that the payments Mrs M made were unusual. So they said they wouldn't have expected it to take any further action and didn't think it should have to refund the payments. Mrs M disagreed with our investigator, so the complaint has been passed to me.

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.

Having done so, I don't think it would be fair to require Monzo to refund the payments Mrs M made here. I'll explain why below.

Banks are expected to make payments in line with their customers' instructions. And Mrs M accepts she made the payments here. So while I recognise she didn't intend for the money to ultimately go to scammers, she did authorise the payments. And so the starting position in

law is that Monzo was obliged to follow her instructions and make the payments. So Mrs M isn't automatically entitled to a refund.

However, the regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think 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.

And so I've also considered whether Monzo should have identified that Mrs M was potentially at risk of financial harm from fraud as a result of these payments and did enough to protect her.

But while I appreciate the amount Mrs M lost is a significant amount for her, I don't think either of the payments she made here were of a large enough amount to meet the point where we would usually expect a bank to identify a payment as suspicious based on its size alone. Mrs M's account had also only recently been opened, so there was no previous account history for Monzo to compare the payments to when assessing if they were out of character.

The payments also appeared to be going to individual account holders, and weren't obviously identifiable as payments for cryptocurrency. So I don't think there was anything particularly suspicious about where the payments were going. And the payments were made on separate days, and to different recipients, so I don't think it will have been obvious that they were connected or that they formed a particularly suspicious pattern.

So I don't think it's unreasonable that Monzo didn't identify that Mrs M might be at risk of financial harm as a result of these payments, and didn't carry out any additional checks before allowing them to go through. I don't think it's unreasonable that Monzo just followed Mrs M's instructions and made the payments.

I sympathise with the position Mrs M has found herself in. She has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to her. But, for the reasons I've set out above, I don't think Monzo has acted unreasonably or that anything I would reasonably have expected it to do would have prevented this scam. And so I don't think it would be fair to require it to refund the payments she made.

Monzo offered to pay Mrs M £25 as an apology for the poor customer service she received when raising her claim. And, from the evidence I've seen, I think this is fair and reasonable compensation for the distress and inconvenience this poor service caused her. So I don't think it would be fair to require Monzo to pay any further compensation.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 April 2024.

Alan Millward
Ombudsman