

## **The complaint**

Mr B complains that Monzo Bank Ltd refused to reimburse him after he fell victim to a job scam.

## **What happened**

Mr B has explained that he received contact from who he believed was a recruitment company (but was in fact a fraudster) via an instant messaging app, offering remote working for less than 30 minutes a day, to generate some additional income. Mr B was referred to a second individual who advised she would be providing his training. Mr B was told that he would need to complete a series of 'tasks', whereby he would be providing hotel reviews for a well-known internet search engine in return for commission. Mr B was told that as well as commission earned, he would also earn £380 for every five days that he completed his tasks. Mr B was told that in order to complete reviews, he needed to add funds to his account for a hotel 'booking' to be made in a similar way as it would for genuine customers. Initially he was advised £50 was needed as a deposit.

As Mr B began completing his tasks, he received some 'commercial order' review tasks, which he was told required further deposits to be placed, but came with additional benefits, such as higher commission payments. Mr B raised concerns about these additional payments having not been explained to him, but was reassured by his trainer that the number of these tasks he could receive were capped, and he'd receive all deposits back after tasks were completed. However, as he proceeded, he encountered further commercial order tasks, then 'golden egg' tasks requiring large deposits for further benefits and finally, an 'account upgrade' requiring him to complete further tasks.

Mr B initially made payments through another of his bank account providers. However, when this account blocked further payments - and other transfer options also blocked payment attempts - Mr B tried to make payments towards the scam through his Monzo account.

Mr B was guided by the fraudster on how to make the payments. He was advised to find cryptocurrency sellers through a separate platform, then purchase the cryptocurrency by faster payment from his Monzo account. In total, Mr B made the following payments from his Monzo account, all to the same payee:

Date	Value
10/09/2023	£2,000
16/09/2023	£2,100
18/09/2023	£1,500
18/09/2023	£5,000
19/09/2023	£5,000

Monzo has said that Mr B attempted to make a second payment on 10 September 2023, but this was blocked by its fraud detection processes for further questioning. Mr B was asked through the Monzo app about the payment he was making, including the purpose of the payment. Mr B explained, among other things, that the payment was to purchase cryptocurrency, that no one was pressuring him to do so and that no one had advised him to open a Monzo account.

Monzo proceeded to call Mr B to further question the payment. During the call Mr B advised he was investing cryptocurrency, that he had been doing so for over three years through other accounts and was looking to compare the process through Monzo. Monzo advised Mr B that there were a high number of scams being reported surrounding cryptocurrency and that if anyone has told him to open this account, or to lie to Monzo, it is definitely a scam. Mr B confirmed he wished to proceed. Therefore his account was unblocked and Mr B proceeded with further scam payments.

As the payments being requested by the fraudster continued to increase in value, Mr B realised he'd fallen victim to a scam and contacted Monzo to raise a claim. Monzo failed to provide a response to Mr B's claim or complaint in the timeframes permitted and so Mr B brought the complaint to our service.

Monzo also failed to provide a business file to our service within the permitted timescales, but one of our investigators was able to review the complaint in the absence of a file, based on the evidence provided by Mr B. Our investigator didn't uphold the complaint. She thought that the evidence suggested Mr B had misled both Monzo and the other bank account provider he used to make payments towards the scam - and that had Monzo questioned Mr B further, it wouldn't have stopped the scam from taking place.

Mr B disagreed with the investigator's view. In summary, he said that the warnings Monzo gave him did not touch upon the type of scam he fell victim to and that it could have done more to guide him on these types of scam. He also said that Monzo didn't intervene in later payments and closed the account after the transaction on 19 September 2023 without providing any reasoning or relaying any concerns.

Mr B also said payments went straight from his account to the scammer's wallet and so Monzo could have done more to recover his funds.

As Mr B disagreed with the investigator's view, the complaint has been referred to me for a final decision. Since the complaint has been passed to me, Monzo has now provided a business file for review.

### **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.

There's no dispute that Mr B authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he is presumed liable for the loss in the first instance. The Contingent Reimbursement Model (CRM) Code does provide further protection for *some* payment transfers that were made as the result of a fraudster. However, the CRM Code does not include transfers such as this where the payments were used for the purchase of cryptocurrency through peer-to-peer lending.

However, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Monzo ought fairly and reasonably to have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In addition, since 31 July 2023 when the Financial Conduct Authority's Consumer Duty came into force, there are additional obligations on firms to avoid foreseeable harm to customers. As a result, where it would be considered appropriate based on the risk level, we'd expect warnings provided by firms to be more 'dynamic', and cover the type of job scam Mr B fell victim to, considering its growing prevalence.

As Mr B had only opened his Monzo account as part of the scam, there wasn't any typical spending for Monzo to compare the scam payments to. However, Mr B had confirmed during the account opening process that the account would be used for cryptocurrency. I therefore think that by the time Mr B tried to make a second payment on 10 September 2023 that it was reasonable for Monzo to question Mr B's payments further – as it did.

I appreciate that Mr B thinks Monzo should have questioned him more specifically about job scams when it spoke to him. However, I have to factor in that Mr B had provided a plausible payment purpose to Monzo of cryptocurrency investing – another area where scams are prevalent – and on this basis Monzo had focused its warnings and advice around investment scams. As Monzo had asked specific questions to Mr B about the payments, and provided a specific scam warning based on this, I don't think it's reasonable to hold Monzo liable for not also having covered off other scam possibilities.

I appreciate Mr B also feels Monzo ought to have intervened on subsequent payments. However, even if it had, I think the available evidence suggests Mr B would've provided a similar explanation for the payments to that already provided – and I don't think it's reasonable for Monzo to be required to cover off all potential scam risks when it considers it has identified the *actual* risk from communicating with its customer.

When considering a bank's liability, we also consider whether a customer could have done more to protect themselves from financial harm. In this case I think there were a number of warning signs here that Mr B proceeded in spite of. For example, the premise of paying to participate in a job is a complete inversion of the employer-employee relationship and would strike most people as an unusual arrangement. Additionally, there's no explanation provided of why a well-known search engine would pay individuals to knowingly submit reviews about hotels they've never visited, or why payments would need to be made in order to submit a review.

Overall, I think there were sufficient red flags here that reasonably ought to have led Mr B to have acted far more cautiously than he did – and I think the steps Monzo took to protect Mr B were fair and proportionate based on the scam risks it was able to identify.

Therefore, while I'm sorry to disappoint Mr B, I don't think Monzo could reasonably have done anything further to prevent the scam from occurring.

I've also considered Mr B's concerns that once it became concerned by Mr B's account activity, Monzo closed Mr B's account without raising any scam concerns with him. I agree that once it had concerns, best practice would have been for Monzo to have voiced its concerns to Mr B. However, no further losses were incurred by Mr B following his payments from his Monzo account, so I don't think this impacted Mr B financially.

Mr B has said he doesn't consider Monzo did enough to attempt to recover his funds after the scam and that he paid the fraudster directly from his Monzo account. However, from reviewing the evidence provided I don't think this is the case. It appears Mr B used a cryptocurrency platform to agree an exchange of pounds sterling for cryptocurrency and that once a sale was agreed, Mr B was required to make a payment transfer from his Monzo account to pay for the exchange. Once the cryptocurrency was provided, Mr B transferred this on through a cryptocurrency wallet. In cases such as this, it's often the case that the individual who cryptocurrency is purchased from is an unrelated innocent party to the scam, merely selling cryptocurrency online – and it's the point at which the cryptocurrency is transferred via a wallet that it becomes in the fraudster's possession.

Therefore, I don't think Monzo had any grounds for recovering funds from the account where Mr B made his payment transfers. Even if this individual was part of the scam, I don't think Monzo had any reasonable prospects of recovering Mr B's funds. Monzo wasn't made aware of the scam until around 15 days after the final payment had been made. Unfortunately, when scams occur, it's commonplace for the fraudster to move funds almost immediately from the beneficiary account, to avoid potential recovery by the victim's bank. I therefore think it's unlikely any swifter action on Monzo's part would've aided it in recovering Mr B's funds.

Therefore, while I'm sorry to disappoint Mr B, I haven't concluded that Monzo is liable for his losses and it therefore follows that I don't require it to reimburse him.

### **My final decision**

My final decision is that I don't uphold Mr B's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 September 2024.

Kirsty Upton  
**Ombudsman**