

The complaint

Miss I complains that Monzo Bank Ltd won't reimburse her the money she transferred to a fraudster.

What happened

Miss I has explained that she received contact from an individual claiming to work as an online travel assistant (but who was in fact a fraudster) via an instant messaging app, offering remote working for two to three hours a day to generate some additional income. Miss S was talked through how the process would work – she was advised that she needed to complete 'tasks' and add funds to her account through a Cryptocurrency wallet, which would allow her to unlock wages and commission.

The fraudster gained Miss I's trust by first showing Miss I the process using his own account. He advised her that in order to gain her wages, she needed to 'recharge' the account by adding funds. The fraudster talked Miss I through setting up Cryptocurrency wallets, through which she could convert her funds through 'peer to peer' lending into US Dollars, and then deposit these funds to her 'work' account, after which Miss I received a 'wage' back. Encouraged by the funds she received, Miss I went on to make further deposits. Over the course of the scam, Miss I made the following payment transfers:

Date	Time	Beneficiary	Amount
02/06/2023	21:39	Beneficiary 1	£30.00
07/06/2023	11:32	Beneficiary 2	£24.15
08/06/2023	21:17	Beneficiary 3	£120.00
09/06/2023	13:03	Beneficiary 4	£68.00
21/06/2023	16:27	Beneficiary 5	£550.00
22/06/2023	12:48	Beneficiary 5	£850.00
22/06/2023	14:27	Beneficiary 5	£1,700.00

Each time Miss I made a deposit, she was led to believe she was 'luckily' getting 'vacation journeys' which meant further deposits were required to unlock larger wages. Miss I continued to make these deposits, believing it was the only way to recover the money she'd already deposited. When this pattern continued, Miss I realised she'd been the victim of a scam and contacted Monzo to raise a fraud claim.

When first advising Monzo of the scam, believing it may assist in her receiving her funds back, Miss I told Monzo it was a friend who had made the transfers from her device. Monzo declined to reimburse Miss I on the basis that her friend had been given full access to Miss I's Monzo credentials, and her account was therefore not adequately protected.

Unhappy with Monzo's response, Miss I referred her complaint to our service. An investigator considered Miss I's complaint. During his investigation, Miss I acknowledged it was in fact her who had completed the transfers. The investigator looked into whether he considered Monzo was liable to reimburse Miss I, but he wasn't persuaded that the payments Miss I made were sufficiently out of character for Monzo to have intervened. He therefore didn't consider Monzo was required to refund Miss I any of her losses.

Miss I disagreed with the investigator's opinion so the complaint has been referred to me for a final decision.

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.

The starting point under the relevant regulations (in this case, the Payment Services Regulations 2017) and the terms of Miss I's account is that she is responsible for payments she's authorised herself. The Contingent Reimbursement Model (CRM) Code can provide additional protection for the victims of APP scams such as this was. However, payment transfers involving 'peer to peer' currency exchanges, as was the case here, are not included within the scope of the CRM Code. So I cannot fairly apply the terms of the CRM code to any of the payments Miss I has made.

However, taking into account regulators rules and guidance 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 firms 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 decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Should Monzo have fairly and reasonably made further enquiries before processing Miss I's faster payments?

It isn't in dispute that Miss I has fallen victim to a cruel scam here, nor that she authorised the disputed payments she made from her account, but I've thought about whether Monzo should have reasonably intervened in any of these payments.

I need to take into account that Monzo needs to strike a balance between countering the risk of fraud and not unduly inconveniencing customers making genuine transactions. Having reviewed Miss I's account statements for the months her account was open prior to the scam, I can see that this doesn't appear to be Miss I's primary account based on its relatively minimal use. However, the transactions Miss I *had* made on the account were generally also faster payments – so I don't think these types of transactions would've appeared out of character or unusual on the account. I've also considered the payment values and frequency of payments – while several payments were made as part of the scam, I don't think this would've been immediately apparent to Monzo. The payments were generally to different payees and mostly on different days – and the majority of payments were moderate value. While the transaction values rose on the final day of the scam, I don't think the payment values were so significant - particularly considering the payee by this point had been established the day prior and without a notable flurry of activity since – that Monzo

ought to have identified that Miss I was at risk of financial harm from fraud and intervened before processing the payments.

I've also considered whether Monzo did enough to recover Miss I's money, once it became aware of the scam. In the circumstances of this particular case I don't think Monzo had any realistic prospects of recovering Miss I's funds. I say this because her funds were transferred to what appears to be an innocent third party, in exchange for US dollars and it was this that was then transferred on to the fraudster through her Cryptocurrency wallet. Therefore Monzo wouldn't have been able to recover funds from the individual who Miss I actually sent her money to.

I understand that at the time Miss I made these payments, she was going through a difficult time personally. I don't doubt this has been an extremely difficult time for Miss I and I'm sorry to hear of her personal circumstances. However as Monzo were unaware of Miss I's circumstances when processing these payments, I can't conclude that this leads to any liability on Monzo's part.

Overall, while I'm sorry to disappoint Miss I, I haven't concluded that Monzo acted unreasonably when processing these payments and it therefore follows that I don't hold it liable for reimbursing Miss I's losses.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 17 April 2024.

Kirsty Upton
Ombudsman