

The complaint

Miss F complains that Monzo Bank Ltd (Monzo) is refusing to refund her the amount she lost as the result of a scam.

Miss F is being represented by a third party. To keep things simple, I will refer to Miss F throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Miss F was contacted via Instagram by an individual claiming to be from a reputable investment company (X). X explained an investment opportunity to Miss F and persuaded her to invest.

Miss F was directed to download various apps including those of cryptocurrency exchanges and other payment service apps. After making a small initial payment Miss F was able to see her investment had grown significantly in value and was keen to make a withdrawal.

When Miss F attempted to make a withdrawal, she was convinced to make further payments in relation to what X called "transition fees".

Having made payments as directed by X for several different reasons Miss F was promised a withdrawal of a substantial amount. However, she was then threatened with being arrested due to money laundering and told she would have to make even more payments to prevent her being imprisoned.

Shortly after these threats, Miss F realised she had fallen victim to a scam.

Miss F made the following payments in relation to the scam:

Date	Payee	Payment Method	Amount
25 February 2023	Individual's name	Transfer	£500.00
25 February 2023	Individual's name	Transfer	£1,200.00
25 February 2023	Coinbase	Debit Card	£300.00
27 February 2023	Moonpay	Debit Card	£1,500.00
28 February 2023	Remitly	Debit Card	£550.00
28 February 2023	Remitly	Debit Card	£1,004.00
1 March 2023	Remitly	Debit Card	£554.00
2 March 2023	Remitly	Debit Card	£1,004.00
2 March 2023	Remitly	Debit Card	£1,004.00
2 March 2023	Remitly	Debit Card	£1,004.00
2 March 2023	Remitly	Debit Card	£1,003.99
4 March 2023	Remitly	Debit Card	£504.00
4 March 2023	Remitly	Debit Card	£504.00

Our Investigator considered Miss F's complaint and didn't think it should be upheld. Miss F disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Miss F has fallen victim to a cruel scam. The evidence provided by both Miss F and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Miss F lost due to the scam.

Recovering the payments Miss F made

Miss F made payments into the scam via transfer and debit card. When payments are made by transfer the only option Monzo has to recover the payments is to contact the payee's account provider to ask it to refund any funds that remain in that account. However, Miss F made these payments at the beginning of the scam, and it is most likely that by the time she reported the scam to Monzo these funds would have been moved on. So, I don't think it was unreasonable that Monzo didn't attempt this.

When payments are made by card the only recovery option Monzo has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Miss F was dealing with X, which was the business that instigated the scam. But Miss F didn't make the debit card payments to X directly, she paid separate currency exchanges. This is important because Monzo would only have been able to process chargeback claims against the merchants she paid, not another party (such as X).

The service provided by the exchanges would have been to convert or facilitate conversion of Miss F's payments into cryptocurrency. Therefore, they provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants Miss F paid.

Should Monzo have reasonably prevented the payments Miss F made?

It has been accepted that Miss F authorised the payments that were made from her account with Monzo, albeit on X's instruction. So, the starting point here is that Miss F is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and intervened when the payments were made. And if it had intervened, would it have been able to prevent

the scam taking place.

The value of the payments Miss F sent in relation to the scam were not individually high enough that I would have expected them to have triggered Monzo's fraud prevention systems. Miss F did send several payments on the same day, but the values still did not total an amount I would expect to have caused Monzo concerns.

While I appreciate Miss F was making payments to businesses she had not previously paid, the businesses themselves were legitimate and it would not be reasonable of me to suggest Monzo should step in every time one of its customers makes relatively low value payments to a new legitimate business.

With the above in mind, I don't think Monzo missed an opportunity to prevent the scam and it is not responsible for Miss F's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 12 July 2024.

Terry Woodham
Ombudsman