

The complaint

Miss A has complained that Monzo Bank Ltd won't refund the money she lost after falling victim to a scam.

What happened

In spring 2023, Miss A was contacted by a scammer posing as a recruiter from a genuine firm. They "hired" her to complete daily tasks on an online platform to receive commission in cryptocurrency. Miss A had to pay in her own money to clear negative balances, earn bonuses, and withdraw her earnings. She did this by making debit card payments to a crypto exchange, then sending the crypto to the scammers. When Miss A tried to withdraw her earnings, the scammers said she'd paid the wrong account, and she realised she'd been scammed. She sent the scammers around £5,500 in total.

Monzo did briefly talk to Miss A about one of the payments, and she says she told Monzo it was for a job. But the conversation was short and Miss A says it didn't warn her.

Miss A complained, but Monzo did not respond to her complaint or to our service.

Our investigator looked into things independently and upheld the complaint. Monzo didn't reply, so the complaint's 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.

There's no dispute that Miss A authorised the payments involved, even if she didn't intend for the money to go to scammers. So, under the Payment Services Regulations and the terms of her account, Miss A is liable for the loss in the first instance. But the matter doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice, and what I consider to have been good industry practice at the time, I consider that Monzo should have fairly and reasonably:

- Monitored accounts and payments to counter risks such as fraud and scams;
- Had systems in place to look out for particularly unusual transactions or other signs its customers were at risk of fraud;

- In some circumstances, taken further steps or made further checks before a payment went out, or even blocked it, to help protect customers – irrespective of the type of payment involved.

Monzo's terms and conditions gave it rights to block payments to protect customers from fraud, or to refuse to make payments if it suspects the customer is a victim of fraud or believes the payment may be connected to a scam. So Monzo was not precluded from making fraud checks before processing a payment. And taking into account longstanding regulatory expectations and requirements, and what I consider to have been good practice at the time, it should fairly and reasonably have been on the lookout for the possibility of fraud, and should have taken additional steps – or made additional checks – before processing payments in some circumstances, such as in the circumstances of this case.

I've reviewed Miss A's account activity in the time leading up to the scam, and I can't see any comparable activity. The payments on 26 April 2023 were notably larger than Miss A's normal activity, were made rapidly, and repeatedly drained the account. The recipient was a crypto site; and by 2023, the Financial Conduct Authority (FCA) and Action Fraud had published warnings about cryptocurrency scams, so Monzo should've had a good understanding of the risk of these scams and how they work. And it appears one of the payments did trigger Monzo to intervene (though as we don't have its files, I don't know which one), so it clearly also found the activity suspect. Looking at the amounts involved, I think that Monzo should've intervened from the point of the £1,255 payment.

Had Monzo intervened and asked appropriate, proportionate questions, I think it's most likely it would've been able to uncover and prevent the scam. I've seen nothing to suggest Miss A would not have been honest about why she was spending this money – not least as the scammer hadn't told her to lie if questioned, and she says she did tell Monzo the payments were for a job. Appropriate questions would've most likely revealed that Miss A had to pay in her own money to cover negative balances, to earn bonuses, and to get her earnings, and that this was paid in crypto, which were clear signs of a relatively prominent type of scam. So had Monzo intervened appropriately, I think it would have been able to quickly identify what was happening and prevent it. I've found no reason why Miss A would not have listened to Monzo – it is a well-known name in banking.

From Miss A's chats with the scammers, I can see that Monzo did intervene on one payment. But it appears that that conversation was only brief. As above, I think appropriate questions would've most likely stopped the scam. And Monzo hasn't provided any evidence to show that that intervention was sufficient. So I find it's most likely that it wasn't.

That means I think Monzo should bear some liability for the losses from the £1,255 payment onwards.

I've also thought carefully about Miss A's role in what happened. I'm afraid I think Miss A ought to have had more concerns along the way about what she was being asked to do. For example, she was cold contacted out of the blue, she wasn't given any contract or other documentation to assure her this was legitimate, there's no legitimate job which would require her to borrow or pay in money to get her salary, she didn't receive any income even after her initial payments, and she had a fair bit of time between that and her later payments to rethink what was happening and do further research or ask for advice. So I think Miss A should also bear some responsibility for her losses.

Next, I've considered what Monzo did to try to recover Miss A's money after she told it about the scam. But as the payments were made by debit card to Miss A's own crypto account, I'm afraid there wasn't anything more Monzo could do to recover her funds. A chargeback was not appropriate, as there was no applicable chargeback reason to cover this situation.

Lastly, I'm sorry to hear that Miss A found the process of contacting Monzo to be stressful. But I've not found anything which would necessitate awarding additional compensation in this particular case.

As above, I have found that Monzo bears some liability for Miss A's losses, and so it should settle the complaint in the way I've outlined below.

Putting things right

Monzo Bank Ltd should:

- Refund 50% of the loss, from the payment on 26 April 2023 for £1,255 onwards;
- pay simple interest at the rate of 8% simple per year on those refunded amounts, from the date they were debited to the date of settlement.

If Monzo considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Miss A how much tax it's taken off. It should also give Miss A a tax deduction certificate if she asks for one. Miss A may be able to reclaim the tax from HMRC if she doesn't normally pay tax.

I understand that Miss A entered an IVA. So Miss A may need to speak with her insolvency practitioner about any redress she receives.

My final decision

For the reasons I've explained, I uphold Miss A's complaint, and direct Monzo Bank Ltd to put things right by doing what I've said above.

If Miss A accepts the final decision, Monzo Bank Ltd must pay her within 28 days of the date our service notifies it of the acceptance.

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

Adam Charles
Ombudsman