

## The complaint

Mr F complains that Monzo Bank Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment (APP) scam.

## What happened

Mr F says that he did an internet search for 'remote jobs' and one of the top responses was for company X. Company X (who Mr F says was a scam website) was an online recruiter which helped outsource and recruit for high street brands.

Mr F visited the website and felt that it looked very professional with a 4.8 rating from its clients. He provided his name and number and further details. In August 2023 Mr F received a response from company X explaining it was working with a well-known retailer who Mr F was familiar with, so he confirmed his interest in the position.

Mr F had contact with the scammer on 9 August 2023 (who said she was representing the well-known retailer). Mr F also joined a group chat and believed the people he was chatting with were fellow individuals working on the same role. He had been monitoring the group chat and had seen the confirmation from others they were earning money.

Mr F was told he would need to complete 37 tasks a day by promoting the items sold by the company. He would earn commission per task completed. However, in order to do this, he would need to set up three accounts, two cryptocurrency accounts and one with the retailer he was working with. So, Mr F proceeded and made the following payments:

Date	Payment	Amount	Payee
11/08/2023	Faster Payment	£243.43	Account 1
11/08/2023	Faster Payment	£880.66	Account 2
11/08/2023	Faster Payment	£1,000.00	Account 1
11/08/2023	Faster Payment	£1,907.52	Account 1
12/08/2023	Faster Payment	£3,419.79	Account 1
12/08/2023	Faster Payment	£994.25	Account 1

Mr F says he watched his balance grow, but he noticed he was getting higher value tasks which required him to deposit money in order to complete the tasks. On 12 August 2023 Mr F found the cost of each task had significantly increased. So, he questioned this with the scammer at this stage Mr F had completed 35 tasks and would have been able to withdraw the full amount he had earned if he completed two more tasks. The scammer told Mr F that he needed to invest more money to complete the tasks. So, Mr F proceed but he was then told there was a further task to complete which required more money, it was at this point he realised he had fallen victim of a scam. He reported it to Monzo on 8 September 2023. As he didn't receive a final response letter from Monzo, Mr F referred the complaint to our service. The complaint was referred to us. Our investigator looked into the complaint, but he didn't recommend it be upheld. Mr B's representative didn't agree so the complaint was 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 agree with the investigator's findings for broadly the same reasons.

There's no question that Mr F authorised the payments in dispute. That means that under the Payment Services Regulations 2017 he's presumed liable for the losses in the first instance.

I've also considered if the payments Mr F made are covered by the CRM Code and I am satisfied they are not. This is because the CRM Code defines an authorised push payment scam as;

A transfer of funds executed across faster payments, CHAPS or an internal book transfer, authorised by a customer in accordance with regulation 67 of the PSRs, where:

- i. The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- ii. The Customer transferred funds to another person for what they believed to be legitimate purposes, but which were in fact fraudulent.

In this case Mr F transferred the funds to legitimate crypto account in his own name which he was in control of and then transferred the funds from his crypto wallet to the scammer. This isn't the end of the story, taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, 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 (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years.
- In some circumstances, have taken additional steps or made 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.

Based on this I've considered carefully the payments Mr F made, and whether Monzo should've been concerned that Mr F might be at risk of financial harm from fraud. Having done so I'm not persuaded the payments he made were remarkable enough for Monzo to have intervened and questioned Mr F as to the purpose of the payments before processing them.

Mr B's representative has said that the fact Mr F set up two new payees over the course of two days ought to have prompted Monzo to be concerned and should've 'triggered' an intervention. I disagree, I say this because, the first payment which appears to be to a new payee, (account one) was for £243.33 and it's reasonable to conclude this is a nominal amount and somewhat similar to Mr F's usual spending on the account. A transfer to what appears to be a second new payee (account two) of £880.66 was also made on the same day. And two further payments transferred to account one, the same day, meaning the total payments sent to account one on 11 August 2023 was £3,150.95. However, as explained

above, both these accounts were in Mr F's name, as such these were payments being transferred to an account the consumer had control of.

Mr F's representative has said the payment on 12 August 2023 for £3,419.79 ought to have triggered Monzo's fraud detection systems. Again, I disagree for the reasons I have outlined above, however, it could also be argued that this was an established payee at this point. In any event, even if it could be argued it ought to have triggered, a proportionate intervention would have been an automated warning and on balance I am satisfied this wouldn't have deterred Mr F. I say this because, the warning would have been a crypto related warning (based on the information Monzo had). Therefore, wouldn't have alerted Mr F that the scam he was falling victim to a job scam. And given the fact Mr F was transferring money to an account he was in control of and he was aware it was a crypto wallet, I don't think would have deterred him.

Secondly, Mr F's representative has said that the scammer told Mr F he needed to complete 37 tasks in order to get paid. When Mr F sent £3,419.79 to the scammer this was in order to complete the 37<sup>th</sup> task. Mr F's representative had said Mr F had concerns prior to this but proceeded as he wanted to withdraw the funds he had earned and had been given reassurance by the scammer he needed to complete all tasks to get paid. As this payment in question was for the last task, I am persuaded that even if a warning had been provided, it wouldn't have deterred Mr F.

As Monzo haven't provided all the information requested, I am unable to confirm if a new payee warning was issued to Mr F and Mr F's representative has said Mr F doesn't recall receiving this warning. On balance of probabilities, I think it is likely Monzo did issue a new payee warning, as it is usually automated. However, even if I were to say Monzo didn't do this, I would be considering what would have happened if they had. In this circumstance, I think it is likely Mr F would have proceeded. I say this because, Mr F knew he was transferring money to an account in his own name which he was in control with. And while Monzo have said, Mr F was sending money to a known crypto account, people can and do legitimately invest in cryptocurrency, so it doesn't automatically follow that Monzo ought to have been concerned.

Mr B's representative has also said that as Mr F had been making extraordinarily high value payments in quick succession, he felt it warranted an intervention from Monzo. While I accept that the amount of money Mr F sent is clearly significant to him, this doesn't in itself suggest a heightened risk of fraud. I also acknowledge that the transactions were larger than usual for the account. But I am not persuaded this would have stood out as unusual or suspicious. Monzo has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one. As I mentioned above, while I don't doubt the payments represented a lot of money to Mr F, they are of values which I don't think would have appeared so suspicious or unusual to Monzo, when compared with other payments that it processes daily.

I have also considered how Mr F used his account, prior to the transactions in question. An while I have acknowledged above, the transaction amounts were larger than what he usually transfers, when looking at the patten of spending, Mr F usually transfers money into the account and out of the account in a short space of time, as can be seen on his statements, in July 2023.

So overall I don't consider the payments Mr F made to have been remarkable enough to have warranted Monzo to act and have contacted Mr F ahead of processing them.

I've thought about whether Monzo could have recovered any of the funds Mr F lost when it was made aware of the scam. Mr F said he did make Monzo aware of 8 September 2023 but Monzo disputes this (but haven't provided any supporting evidence). However, given the funds had been sent from Monzo to Mr F's wallet then onto accounts controlled by the fraudsters, I don't think Monzo would have been able to recover any fund even if it had been made aware immediately. But given the passage of time from the last transaction to when Mr F says he reported it to Monzo, I think it's even more unlikely it would have been recoverable at that point. Either way, it follows that I don't think it missed an opportunity to recover the money Mr F sadly lost.

I have a great deal of sympathy with Mr F being the victim of what was clearly a cruel scam that has had a significant impact on him, not just financially but also because the fraudster deceived him and gained his trust. But I don't find that Monzo has acted unfairly in processing the payments Mr F made and in turn I've decided Monzo isn't responsible for reimbursing him.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 4 July 2024.

Jade Rowe  
**Ombudsman**