

The complaint

Mr D 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

The background to this complaint is well known to both parties so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around June 2022, Mr D was looking for a job to do in his spare time and received a text message about an opportunity. The job involved completing tasks, for which he would earn commission. Believing everything to be genuine Mr D proceeded, but unknown to him at the time, he was communicating with fraudsters. The fraudsters persuaded Mr D to pay his own money to proceed with the work.

Mr D was instructed to deposit funds into a cryptocurrency account. Once his money had been converted into cryptocurrency, it was then sent to accounts controlled by the fraudsters. Mr D initially made payments from an account he held with another banking provider, who I'll refer to as 'B' (the payments made from B do not form part of this complaint). Mr D has said that he was initially able to make some withdrawals, which encouraged him that this was a genuine job opportunity.

Detailed below are the payments Mr D sent/received from his Monzo account as part of the scam;

13 June 2022	Payment out £81
14 June 2022	Credit £81
14 June 2022	Payment out £100
15 June 2022	Credit £100
15 June 2022	Payment out £821
21 June 2022	Payment out £1,530
21 June 2022	Payment out £2,168.82
27 June 2022	Payment out £4,163
7 July 2022	Payment out £6,164

The fraudsters resisted requests Mr D made to withdraw his money and asked for increasing sums of money in order to facilitate a withdrawal. Mr D realised he'd been scammed when he was no longer able to afford the payments he was being asked to make and the fraudsters suggested he should take a loan or borrow money from family or friends.

Mr D raised a fraud claim with Monzo, but it didn't agree to reimburse him. In summary, Monzo said it couldn't refund the money lost because the payments made from Mr D's Monzo account weren't the scam payments, rather they went to another account (a cryptocurrency account), before then being sent on to the fraudster. So the loss wasn't from Mr D's Monzo account.

Unhappy with Monzo's response, Mr D brought his complaint to this service. One of our Investigator's looked into things but didn't think the complaint should be upheld. In summary, our Investigator thought Monzo ought to have intervened and questioned Mr D, but they didn't think an intervention would have made a difference. Our Investigator said this as they had listened to calls Mr D had with B (from whom Mr D had made other payments to the fraudster) and didn't consider Mr D had been open or honest with B about the purpose of the payments. This was because, when asked, Mr D had told his other banking provider that he was investing of his own accord and hadn't been contacted by any third party. It was our Investigator's view that, had Monzo intervened, Mr D wouldn't have said anything different to Monzo, as a result he was minded to say Monzo couldn't reasonably have been expected to prevent the scam.

Mr D didn't agree with our Investigator's view. In summary he said that he wasn't lying to his other banking provider, at the time he thought he was investing. Mr D believes that had Monzo intervened it would have made a difference and it would have been able to stop him sending any more money. Mr D went on to say that it is common for scammers to coach customers into misleading banks, as had happened to him.

As agreement couldn't be reached, the case has been passed 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.

It isn't in dispute that Mr D has fallen victim to a scam here, nor that he authorised the payments that are the subject of this complaint himself. And so, the starting point under the relevant regulations (in this case, the Payment Services Regulations 2017) and the terms of Mr D's account is that he is responsible for payments he has authorised himself.

However, whilst Monzo is not required or obliged to make checks, I am satisfied that, 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 APP fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances – as in practice all banks, including Monzo, do.

So, with this in mind, I've considered whether Monzo should have done more to prevent Mr D from falling victim to this scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular payment. For example, if it was particularly out of character compared to the normal activity on the account.

Should Monzo have fairly and reasonably made further enquiries before it processed Mr D's payments?

To decide this, I've reviewed the activity on Mr D's account statements, from which the payments were made, for the months leading up to the scam. This is often a finely balanced matter, and 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.

Having considered the first five payments of the scam, on balance, I can't fairly say they were so unusual or suspicious in comparison to his usual activity, that they ought to have alerted Monzo that Mr D may have been at risk of financial harm. The payments weren't so

dissimilar in value to other payments that Mr D had made previously, and I don't think they ought to have stood out.

However, there were elements here of a pattern starting to emerge – with payments made in quick succession, to a payee which was identifiably related to cryptocurrency. So when Mr D attempted to make a payment for £4,163 on 27 June 2022, I'm persuaded Monzo ought reasonably to have had some concerns and reached out to Mr D, for example through its in-app chat function, to make enquiries before allowing the payment to be processed.

I say this because, by this point, it was the sixth payment, within a couple of weeks, with the amount and frequency escalating – and Monzo will be aware that multiple escalating payments being made in quick succession can be indicative of financial harm. This payment for £4,163 represented a sharp uplift in value, when compared to the other payments Mr D had made.

Alongside this, the sequence here included payments which were identifiably linked to cryptocurrency, and while there can be legitimate payments made for the purchase of cryptocurrency, payments such as this can be indicative of a higher degree of fraud risk. There doesn't appear to have been these sorts of payments being made from Mr D's account previously and, on balance, I think the payments were becoming out of character compared to the typical sort of spending associated with Mr D's account.

So, for the reasons explained, I'm persuaded Monzo ought to have stepped in at this point. But this in and of itself doesn't mean that Monzo is liable to refund Mr D the money he sadly lost. I would also need to be persuaded that a proportionate intervention by Monzo at this point would have made a difference.

Would intervention have made a difference?

I've gone on to consider what I think would have happened if Monzo had intervened.

I appreciate this comes down to a judgment call, as we can't know for sure what would have happened if Monzo had done more. So I have to make this judgment impartially, based on the available evidence and on the balance of probabilities. And, having carefully weighed this up, I'm not persuaded that further probing by Monzo about the payments would likely have uncovered the scam.

I say this as Mr D has told us that the fraudsters had coached him into misleading his bank. I'm persuaded this is supported by the calls I've listened to, that Mr D had with B at the time he was making payments to the fraudsters from his other account. Mr D told B that he was making payments for the purpose of investing in cryptocurrency and that he'd heard about the investment opportunity online. Mr D denied that he'd been contacted by any third party about the investment and that he hadn't been working with a broker.

Mr D also told B that he hadn't received any recent text messages and that he was investing following his own research. B also told Mr D about scams where fraudsters are able to show their victims how to use platforms and show fake accounts. Mr D also confirmed to B that he had checked the Financial Conduct Authority's website and that he was aware of the risk and volatility involved with cryptocurrency investments.

Mr D didn't tell B that the payments were being made as part of a job or that, due to him being inexperienced, the person he was dealing with was directing him every step of the way around what to do.

Had Monzo intervened, as I think it ought to have done, I would reasonably have expected it to ask Mr D proportionate questions about the payments he was making. Had Monzo asked questions, based on the evidence available, I think it more likely than not Mr D would have answered them similarly to how he had answered the questions B had put to him.

Monzo can only give a warning based on the scam risk it could've reasonably have identified at the time – which in this situation I'm persuaded would have been a cryptocurrency investment scam. So, I don't think it would be reasonable to say that in the individual circumstances of this case, Monzo should've reasonably identified that Mr D was about to fall victim to a fake job scam and that it failed to protect him from financial harm. Given the answers I think Mr D would more likely than not have given to the questions posed to him, Monzo couldn't have known this at the time.

I have significant sympathy for the situation Mr D found himself in and I understand this was a very difficult time for him. But ultimately, I'm not persuaded Mr D would have been forthcoming as to the real reason for the payments (as was the case when B questioned him), and that this would have prevented Monzo from identifying the scam and preventing the funds from being lost.

In summary, I don't think it would be reasonable to say Monzo could've prevented the scam or that it should be held liable for Mr D's loss now. I'm satisfied the likelihood of Mr D failing to disclose the real reason behind the payments, would reasonably have impacted Monzo's ability to prevent this scam from taking place.

I'm mindful that Mr D has said that he was in some dark times towards the end of this ordeal and was too scared to go to anyone, due to worries about the consequences. But from what I've seen I can't fairly say that Monzo could reasonably have been aware of Mr D's circumstances at the time. It follows that I can't fairly say that Monzo ought to have discussed any reasonable adjustments that could have been put in place to support Mr D at the time.

Recovery

I've also considered if Monzo could have done more to help Mr D recover the funds when he reported the scam. But as the funds were sent via his cryptocurrency wallet, they didn't remain in the account they were sent to directly, meaning Monzo couldn't have retrieved the transfers. So unfortunately Monzo couldn't have recovered the loss.

I want to say how sorry I am to hear about what's happened to Mr D I know he has lost a lot of money to a cruel and callous scam. I understand why he feels strongly that Monzo should offer him a refund now. But ultimately, I don't think Monzo has acted unreasonably in not upholding his complaint and so I won't be asking it to do anything more now.

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 D to accept or reject my decision before 10 March 2025.

Stephen Wise
Ombudsman