

Complaint

Mr M is unhappy that Monzo Bank Ltd didn't reimburse him after he fell victim to a job scam.

Background

In April 2023, Mr M fell victim to a job scam. He was contacted on a social media platform by someone offering a job opportunity. The role involved Mr M carrying out tasks on an online platform. Mr M was in a difficult situation at the time having been recently made redundant from his job and so he wanted to find out more. Unfortunately, this wasn't a genuine job opportunity. Mr M had been contacted by someone perpetrating a scam.

The scammer told Mr M that his job was to *"assist hotel suites in increasing the rate of positive reviews. The goal is to increase the hotel's good reputation so that more tourists can stay there."* They explained that he would earn commission for completing tasks on the online platform. However, to participate in these tasks, Mr M was expected to make cash deposits.

He made a series of payments from his account with Monzo to an account in his own name at a cryptocurrency platform. His deposits were then converted into cryptocurrency and transferred into the control of the fraudsters.

He made the following payments in connection with the scam:

3 March 2023	£245
7 April 2023	£46
8 April 2023	£101
9 April 2023	£400
	£1,440
	£1,200
	£3,500

Once he realised he'd fallen victim to a scam, Mr M notified Monzo. It didn't agree to reimburse him. It said it had done everything that it was expected to do to protect him from fraud. Mr M was unhappy with that response and so he referred his complaint to this service. It was looked at by an Investigator who upheld it in part.

Monzo disagreed with the Investigator's view and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Monzo be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. On spotting such a payment, I'd expect it to intervene in a manner proportionate to the risk identified.

The earliest payments Mr M made in connection with the scam were relatively small. I don't think Monzo would've had any reasonable grounds for intervening in connection with any of them. However, on 9 April 2023, Mr M made a payment of £3,500. I think at this point Monzo ought to have recognised that there was a greater than normal risk of fraud and taken steps to protect him.

Monzo has argued that this payment wasn't large enough to have been a reasonable cause for concern. However, I've taken into account that Mr M had transferred over £6,000 that day in a rapid succession of payments. Monzo also knew that the destination of the payments was a cryptocurrency provider. By the time he fell victim to this scam, firms like Monzo ought to have been aware of the risk of scams involving cryptocurrency. Such scams have increased over time and the FCA and Action Fraud published warnings about them in mid-2018. Figures published by the latter show that losses suffered to cryptocurrency have continued to increase since.

I don't think it should've processed that payment for £3,500 without first contacting Mr M to satisfy itself that he wasn't at risk of financial harm due to fraud. If it had done so, I think it's more likely than not that he would've been candid in answering the bank's questions. From that point, it wouldn't have been particularly difficult for Monzo to identify that Mr M had fallen victim to a commonly occurring scam type and dissuaded him from continuing with the payments.

However, I've also considered whether it would be fair and reasonable for Mr M to bear any liability for his own losses here. In doing so, I've considered what the law says about contributory negligence but kept in mind that I must decide this case based on what I consider to be fair and reasonable in all the circumstances. Having done so, I'm satisfied that it would be fair and reasonable for Mr M to bear some responsibility here and for Monzo to make a deduction from the compensation it pays him. I say that for several reasons. First, I think Mr M should've been more sceptical about an opportunity that was promoted to him by way of unsolicited contact on a social media platform.

Second, I've considered the messages exchanged between Mr M and the scammer. The explanations he was given as to how the platform worked were opaque. The arrangement wasn't well explained, but Mr M appears to have taken the scammer's words at face value.

Finally, he ought to have been concerned at being asked to send money to take part in what he believed was a job opportunity. This is a reversal of the expectations in a typical employer-employee relationship. I think he ought to have found the arrangement strange and gone ahead only with great caution.

Final decision

For the reasons I've set out above, I uphold this complaint.

If Mr M accepts my decision, Monzo Bank Ltd needs to pay him 50% of the final payment (£1,750). It also needs to add 8% simple interest per annum to that sum calculated to run from 9 April 2023 until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 May 2024.

James Kimmitt
Ombudsman