

The complaint

Mrs W complains that Monzo Bank Ltd hasn't refunded her for money she lost to a scam.

What happened

Mrs W holds an account with Monzo. In September 2023, she was contacted through a messaging app with the offer of a remote working job opportunity.

This involved earning commission by completing tasks which involved submitting online reviews for hotels. To receive these tasks, Mrs W was told to purchase cryptocurrency which she should send on to the supposed employer. She was told this would recharge her work account and enable her to receive the hotel review tasks to complete. If she completed these tasks she'd be paid a commission.

Mrs W remained in regular contact with someone from the supposed employer through online chat. She was asked to open accounts with a money remittance service and a cryptocurrency exchange service to facilitate these payments. She initially made payments through this route from an account she held with another bank.

The first six payments Mrs W made from that bank account averaged £60. She was able to withdraw some small sums (though less than she'd paid in).

However, Mrs W was then told she needed to pay larger sums. Mrs W says she had trouble making these larger payments to the cryptocurrency exchange.

The supposed employer suggested she switch to another cryptocurrency exchange (which I'll refer to as "Exchange T"). She should try sending funds to Exchange T from another bank account.

As a result, Mrs W made several transfers to Exchange T from her Monzo account:

Payment number	Date	Destination	Amount
1	11/09/2023	Exchange T	£ 2,395
2	16/09/2023	Exchange T	£ 3,500
3	16/09/2023	Exchange T	£ 1,500
4	21/09/2023	Exchange T	£ 4,820
5	25/09/2023	Exchange T	£ 1,000
Total			£ 13,215

In between payments one and two, Mrs W had made a transfer to another payee, but that payment appears to have been rejected and returned to her account by the beneficiary bank. No loss resulted from that returned payment.

The funds Mrs W sent to Exchange T were used to purchase cryptocurrency which was then sent onwards to the cryptocurrency address she'd been told belonged to her employer.

However, when Mrs W later tried to withdraw her commission earnings from her employer, or even just the money she'd paid in, this proved impossible. Instead, she was asked to pay more money. She realised she'd been the victim of a scam and reported this to Monzo.

Monzo didn't refund Mrs W for these payments. It said the loss had only occurred when the cryptocurrency she'd purchased from Exchange T was sent onward to the scammer. Therefore, the losses had not occurred directly as a result of the payments made from Mrs W's Monzo account and Monzo was not responsible. But Monzo paid Mrs W £100 in recognition that it could have handled matters better following her report of the scam.

Mrs W didn't accept this outcome. She referred her complaint to this service.

Our Investigator thought Monzo needed to do more. Prior to the disputed payments Mrs W's usage of her Monzo account had been for mainly low value day to day spending. By the point of payment two, the sequence of payments had become sufficiently unusual for Mrs W that Monzo ought to have had concerns and intervened. The Investigator thought a proportionate intervention in the circumstances would have been for Monzo to ask some automated questions about the payment and then provide a tailored scam warning. Had this happened, a scam warning covering the key features of a job or task-based scam (such as this was) would likely have resonated with Mrs W and caused her to stop making payments.

While the Investigator therefore concluded it was fair and reasonable to hold Monzo responsible for not having prevented the loss from payment two onwards, she also thought Mrs W should share part of that responsibility. Mrs W had acknowledged having some doubts, and the Investigator noted that the nature of the job itself was implausible, as was the need to make these payments to the employer. The Investigator thought a fair outcome would be for Monzo to refund 50% of the value of the payments made from payment two onwards. She thought the payment of £100 didn't adequately reflect the distress and inconvenience attributable to Monzo's handling of the matter and recommended Monzo pay a further £150 in respect of this.

Monzo didn't accept the Investigator's findings and so I have been asked to reach a final decision on the matter.

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.

In reaching these findings I have taken account of information obtained from other financial firms related to the events I have described. However, for the avoidance of doubt, this final decision concerns only Mrs W's payments made from her Monzo account as listed above.

It isn't in dispute here that Mrs W was the victim of a cruel scam. She has paid money in the expectation of this enabling her to earn an income, but in reality, this was a scheme designed to obtain as much money from her as possible. The only funds she received back were small in comparison to the amount she ultimately sent.

The primary causes of the loss Mrs W has suffered are the actions of the criminal scammers who deceived her. And in broad terms, as a starting point in law, Monzo has an obligation to carry out payment instructions given to it by its customers. In short, a customer will normally be presumed liable for payments they instruct their bank to make on their behalf.

Some reimbursement schemes exist to provide additional protection to customers from the financial impact of scams; however, these don't apply to all scam payments. Mrs W's payments aren't covered by the Lending Standards Board's Contingent Reimbursement Model Code (the CRM Code). The CRM Code has no application to payments made for the purchase of cryptocurrency through an account (or wallet) with a legitimate exchange controlled by the customer. Neither do the PSR's recently introduced reimbursement rules apply in that situation (nor, in any, event are those new rules retrospective).

However, all that being said, this is not the end of the matter. As a matter of good industry practice, I consider it is fair and reasonable to expect Monzo to have been on the look-out for the possibility of harm through fraud, and further, to have taken additional steps or made additional checks, before processing payments in some circumstances. Monzo's account terms and conditions provided for this at the relevant time.

I also consider it relevant that Mrs W made all of these payments after the inception of the Financial Conduct Authority's Consumer Duty, which puts an obligation on firms to avoid foreseeable harm to customers.

With all of this in mind, I consider Monzo should have had appropriate systems for making checks and delivering warnings before it processed payments such as Mrs W made here.

In light of an industry-wide increase in multi-stage fraud, particularly involving cryptocurrency, I don't think that even had Monzo identified Mrs W's payments were going to an account held in her own name, this should have precluded it from identifying the risk of fraud or a scam.

Based on the available evidence, I consider it fair and reasonable to conclude that Monzo ought to have identified an elevated risk of financial harm and taken further steps at the point at which Mrs W asked the bank to make payment two in the list above. Payment two was the second payment to the same newly created payee within a matter of days. Including the payment that was returned by the beneficiary bank (which I did not list in the table), this was the third payment of £2,500 or more made to a newly created payee within five days.

I consider this was very unusual in the context of Mrs W's normal usage, and the pattern of payments by this point indicated the risk of harm through fraud or scam.

While Monzo points out that these payments appear to have been made to an exchange for the purchase of cryptocurrency by Mrs W, even had Monzo been able to identify this at the time, I do not consider that meant Monzo could have assumed the transactions posed no risk of harm through fraud or scam. On the contrary, I consider that payments made to cryptocurrency exchanges carry a higher risk than other transactions. By September 2023, when these transactions took place, firms like Monzo had been aware of the risk of multi-stage scams involving cryptocurrency for some time.

Our approach on this point has been set out fully in previous decisions issued by this service and I do not need to rehearse this in detail here. In short, I am satisfied that as a general matter, at least by the end of 2022 (so prior to the payments Mrs W made here) Monzo ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency or pay cryptocurrency exchanges, notwithstanding that the payment would often be made to a cryptocurrency

wallet in the consumer's own name.

All considered I find Monzo ought to have identified a risk at the point of payment two and made a proportionate intervention prior to processing that payment. A proportionate intervention at the point of payment two would have been for Monzo to have asked an automated series of questions about the purpose behind the payment and then provide Mrs W with a tailored scam warning based on her responses.

As I've mentioned above, the FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers.

And I'm mindful that firms like Monzo have had scam warnings in place for some time. It, along with other firms, has developed those warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In this case, Mrs W was falling victim to a 'job scam' – she believed she was making payments in order to receive an income. By the date these payments were made, I consider that so called job or employment scams had reached sufficient prevalence that it is reasonable for me to expect Monzo to have incorporated a specific warning about the common features of this type of scam into its online systems.

As such, I'd have expected Monzo to have asked a series of simple questions in order to establish the risk the payment presented. Once that risk had been established, it should have provided a warning which was tailored to that risk and to the answers Mrs W gave.

I've considered whether, if Monzo had asked Mrs W a series of automated questions about the purpose of the transaction that she would have given accurate answers. I cannot know with certainty what Mrs W might have said if she'd been asked (which doesn't appear to have happened here). But I've seen nothing to make me think that Mrs W wouldn't have given correct answers had she been questioned by Monzo at the time of these payments, or that she'd have had cause to think it was doing so for any other reason than to protect her from the risk of financial harm through fraud.

Therefore, I think it's most likely that Monzo would have correctly identified the relevant scam risk and then ought to have provided a scam warning tailored to the appropriate type of scam.

I'd expect any such warning to have covered off key features of such a scam, including those of: making payments to gain employment; being paid for 'clicks' or 'likes'; or promoting products and having to pay increasingly large sums without being able to withdraw money. In the circumstances of this case, I think Monzo ought fairly and reasonably to have delayed the payment instruction to make further enquiries with a view to providing a specific scam warning, of the type I've described.

If Monzo had provided a warning of the type described, would that have prevented the losses Mrs W ultimately incurred having made this and subsequent payments?

I think that a warning of the type I've described would have identified that Mrs W's circumstances matched an increasingly common type of scam.

Mrs W's comments from the time indicate she already had some doubts. And by this point

she was being asked to make increasing large payments just to continue to work. These payments were becoming increasingly difficult for her to afford and bore little relation to the small sums she'd been able to withdraw. In that context I think Mrs W would likely have been responsive to a tailored scam warning message about task-based job scams. I consider it most likely such a warning would have resonated with her in the circumstances.

Ultimately, I don't consider Mrs W would have gone ahead with this payment (or future payments) if Monzo had provided a warning tailored to job scams.

Is it fair and reasonable for Monzo to be held responsible for Mrs W's loss?

In reaching my decision about what is fair and reasonable, I have taken into account that Mrs W purchased cryptocurrency which may have credited an e-wallet held in her own name, rather than for example making a payment directly to the fraudsters. It took further steps before the money was ultimately lost to the fraudsters through the transfer of cryptocurrency to an address under the control of those fraudsters.

But as I've set out in some detail above, I think that Monzo still should have recognised that Mrs W might have been at risk of financial harm from fraud when she made payment two. In those circumstances Monzo should have declined the payment and made further enquiries as I have set out.

If Monzo had taken those steps, I am satisfied it would have prevented the losses Mrs W ultimately incurred. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Exchange T does not alter that fact and I think Monzo can fairly be held responsible for Mrs W's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

Should Mrs W share responsibility for the losses that resulted?

I've thought about whether Mrs W should bear any responsibility for her losses connected to these payments. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all the circumstances of this complaint.

I recognise that there were some relatively sophisticated aspects to this scam, not least platform which was used to access and manage the supposed employee's earnings and tasks. Mrs W explains she was also part of an instant messaging group with other people who claimed to be making money. I can imagine that these features would have given some validation to the scheme.

But, at its heart, the scam appears to have been fairly implausible. While I haven't seen and heard everything that Mrs W saw, the fraudster's explanation for how the scheme worked is confused and illogical. I think Mrs W ought reasonably to have questioned whether the activities she was tasked with carrying out (which do not appear to be particularly time-consuming or arduous) could really be capable of generating the returns promised.

The requirement to make significant sized payments simply to carry out these tasks seems inconsistent with a genuine employment opportunity. I think all of this did occur to Mrs W and she recognised these factors and had doubts and concerns as a result. I think Mrs W was right to have those doubts and should have trusted her instincts here.

With all of this in mind, I think Mrs W in those circumstances should bear a share of the responsibility for her losses. I've concluded, on balance, that it would be fair to reduce the

amount Monzo pays Mrs W in respect of payment two onwards, because of her part in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

Could Monzo have recovered any of Mrs W's payments?

I don't think there was any realistic prospect of Monzo recovering Mrs W's funds after the scam came to light. Her money had been used to purchase cryptocurrency from Exchange T, and that cryptocurrency had then been sent to the scammers. No funds would have been left with Exchange T for Monzo to recover.

Should interest be awarded on top of the amount to be refunded?

Mrs W has explained that the funds she paid were lent to her by her husband. As Mrs W will not be charged interest, it would not be fair for me to award interest on the sum Monzo repays.

Distress and Inconvenience

Lastly, I've noted Monzo's acknowledgment of the additional distress and inconvenience caused to Mrs W through its handling of the matter after she had ultimately reported the scam.

Of course, I recognise that the bulk of the distress caused was the result of the actions of those who scammed Mrs W. But at the point Monzo became aware of the matter, its handling had an impact on Mrs W. She was in an extremely difficult situation at the time. Monzo could and should have done better here. Taking everything into account, and the impact Mrs W describes, I consider a fair award to reflect the distress and inconvenience attributable to Monzo would be £250. Monzo has already paid £100, meaning it should pay Mrs W a further £150.

Putting things right

I uphold this complaint in part and require Monzo Bank Ltd to:

- Pay Mrs W 50% of payments two to five inclusive as listed above. For the avoidance of doubt these payments total the sum of £10,820 and 50% equates to £5,410; and
- Pay Mrs W a further £150 in respect of the distress and inconvenience she has suffered as a result of Monzo's handling of this matter.

Mrs W has explained that since the scam, she has entered into an IVA agreement. Her IVA practitioners have confirmed they may hold an interest in any redress due to her as a result of this complaint. As such Mrs W should contact her IVA practitioner to discuss what needs to happen with the money she receives.

My final decision

For the reasons given above, I uphold this complaint in part and require Monzo Bank Ltd to put matters right as I have set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 11 April 2025.

Stephen Dickie
Ombudsman