

The complaint

Mr M is unhappy that Monzo Bank Ltd won't refund him for money he lost as part of a scam.

What happened

Further to looking for jobs online, Mr M was contacted by WhatsApp with a supposed job opportunity with a company I'll call 'M'. Unfortunately for Mr M, they were in fact fraudsters. Mr M was asked to perform 'tasks' to boost the productivity of their products and was told he'd be paid in cryptocurrency, so he opened an account with Banxa.

So he could complete the tasks and earn more, Mr M was told he'd need to pay some of his own money, but he'd get this back when we was paid. He realised he'd been scammed when they asked him for further money for 'fees' when he asked for his earnings. He raised this with Monzo, who didn't refund his losses. So the complaint has come to me to make a final decision.

For reference, Mr M made the following faster payments as part of the scam:

Date	Amount
30 August 2023	£45
31 August 2023	£61
1 September 2023	£30
2 September 2023	£78
2 September 2023	£30
2 September 2023	£123
3 September 2023	£185
3 September 2023	£1,115
3 September 2023	£2,271
3 September 2023	£30

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've reached the same outcome as our investigator for these reasons:

- The starting position in law is that Mr M is responsible for payments he made. And Monzo has a duty to make the payments he tells it to.
- But, as supported by the terms of the account, that doesn't preclude Monzo from making fraud checks before making a payment. And, taking into account regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably have done this in some circumstances.
- Monzo submit that it didn't have any cause for concern, so its obligation was to make the payments Mr M told it to.

- I'm aware that, in line with Banxa's rules, Monzo could've reasonably assumed that the money was going to a wallet in Mr M's name. But by August 2023, when these payments started, firms like Monzo had been aware of the risk of multi-stage scams involving cryptocurrency. Indeed, by the end of 2022, many of the high street banks had taken steps to either limit the ability to buy cryptocurrency or increase friction for the payments given the elevated risk.
- Taking this into account, I'm satisfied that prior to the payments Mr M made, 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, notwithstanding that the payment would often be made to a wallet in the customer's own name.
- That's not to say that I think Monzo should've intervened with all these payments simply because they could be identified as cryptocurrency payments. Some of these payments were low in value, so I don't think it'd be proportionate to expect Monzo to step in. However, the second to last payment represented a further increase in spending, and it was the third payment to the wallet that day. This was among a general pattern of increasing payments in both value and frequency. Coupled with the elevated risk of cryptocurrency, I think it should have considered that Mr M could be at risk of fraud and warned him before the payment went ahead.
- I've gone on to consider the nature of the warning I'd reasonably expect. I'm mindful that 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.
- In this case, Monzo knew that the payment was being made to a cryptocurrency provider. So its systems ought to have factored that information into the warning it gave. And, given the increasing diversity of cryptocurrency scams, Monzo ought to have been able to narrow down the potential risk further.
- In this case, Mr M was falling victim to a 'job scam' – they believed they were paying in order to receive employment. Our service has seen an increasing number of similar scams in the last year and Monzo ought to have been aware of this risk. So I'd expect its questions to be able to establish this kind of risk and provide a tailored warning. This warning should cover off key features of such a scam, such as making payments to gain employment, being paid for 'clicks', 'likes' or promoting products and not being able to withdraw funds.
- I've not seen that Mr M was provided with any sort of warning in this case. But had he been given the sort of tailored warning I'd have reasonably expected, I think it's likely he would've realised he was falling victim to a job scam and not gone ahead with the payment. Afterall, I've not seen he was so sucked into the scam that he'd have simply gone ahead having noted the risks – indeed, he recognised it was a scam when they wouldn't let him withdraw the funds.
- Overall, I'm satisfied Monzo should fairly and reasonably have made further enquiries and provided a tailored scam warning before processing the penultimate payment. If it had, it's more likely than not that the scam would have been exposed and Mr M wouldn't have lost more money. In those circumstances I'm satisfied it's fair to hold Monzo responsible for some of his loss.

- Mr M has already accepted that he should share the blame for these losses, by way of contributory negligence. And for completeness, I agree with the investigator's recommendation to reduce the award by 50%. While I recognise the platform looked sophisticated, I don't think there was much else to support that this was legitimate opportunity – for example, paperwork or positive online search results. And overall, I find the reasons why he needed pay his own money difficult to understand, and I think Mr M ought to have been more sceptical of this, particularly as he was asked to pay increasing amounts.

My final decision

For the reasons I've explained, I uphold Mr M's complaint. Monzo Bank Ltd must pay Mr M:

- 50% of the penultimate and final payments: £1,150.50
- 8% simple interest per annum on £1,150.50 from 1 September 2023 to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 May 2024.

Emma Szkolar
Ombudsman