

The complaint

Miss A is unhappy that Monzo Bank Ltd hasn't refunded her after she fell victim to a scam.

What happened

Miss A was contacted by phone by someone claiming to be working for a firm (I'll refer to it as V) where she holds another account. But the caller, unbeknownst to Miss A, was a scammer.

Miss A had been having a difficult day and the scammer caught her off guard. They were able to persuade her that her accounts were under threat and that she needed to move money to keep it safe.

The scammer instructed Miss A to move her money from V to Monzo and she transferred across £2,856.30. From there she sent it on to an international money transfer service – though believing at the time it was going back to V – by making two card payments for £2,701.99 and £151.99. The money was then lost.

Miss A realised she'd been scammed quickly and contacted all parties to report the scam. Monzo took note of the details and got back to Miss A the following day. After investigating the scam, it said it wouldn't be able to refund her. It said she'd not done enough to protect herself from the scam.

Miss A was unhappy with Monzo's response and so brought her complaint to our service. One of our investigator's considered it but didn't recommend it be upheld. She said the transactions didn't represent such a clear scam risk that Monzo ought to have stepped in. And on that basis, there were no grounds on which she could say the payments should be refunded.

Miss A remained unhappy and asked that an ombudsman review the complaint.

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.

I'm sorry to disappoint Miss A further but I'm not upholding her complaint, and for broadly the same reasons as our investigator.

I don't doubt that Miss A thought she was doing the right thing by following the scammer's instructions. And, from her description of events, it seems she did try to protect herself by questioning what was happening. It's also evident that she reported the scam to Monzo quickly. But I'm afraid none of these points lead to a position where I can say Monzo has acted unfairly or unreasonably in declining to refund her.

The starting point at law is that Miss A is responsible for any payments made from her account which are properly authorised. This position is set out in the Payment Service Regulations (2017) and confirmed in her account terms and conditions. The definition and

implications of authorisation don't change even where someone has fallen victim to a scam. And that even includes where the payment might go to a different place than the customer believed it was being sent, as is the case here.

Miss A has explained she thought the payments she was making from her Monzo account were going back to V. We know now that wasn't the case, and that they went to the scammer by way of the international payment service. Whilst that detail might have been disguised by the scammer, and I don't doubt Miss A was unaware of it, she is still responsible for the transactions from an authorisation perspective.

Where a transaction is properly authorised, firms like Monzo are legally obliged to make the payments quickly and without interference.

There are times though, considering relevant rules, codes, industry guidance, and best practice, where it would be fair and reasonable for a firm to intervene in a payment should it present as a risk of financial harm through fraud to a customer. Such payments might be flagged through a firm's account and transaction monitoring systems.

There is also a voluntary reimbursement scheme – called the Contingent Reimbursement Model Code – which Miss A has referred to. The Code does look to see the victims of scams reimbursed in most circumstances. But it doesn't apply to all customers and all payments.

Monzo isn't a signatory to the Code, though it has agreed to follow its principles. Importantly, the Code doesn't apply to card transactions. Broadly speaking, it only applies to bank transfers. And so the protections of the Code don't apply in Miss A's case.

With the above in mind, I've gone on to consider whether Monzo acted fairly and reasonably in processing the authorised payment instructions it received from Miss A., or whether it ought to have stopped the payments to question them.

I've looked over Miss A's transaction history and there is little doubt that the first payment she made toward the scam wasn't a typical payment for her. The value was much higher than she'd normally transact for in a single payment. The majority of her spending can be summarised as low value, day to day payments. And there's no evidence of international payments. These are all points, among others, Miss A has made in setting out her argument that Monzo ought to have warned her against the risk of a scam taking place.

I have thought carefully about these factors but, whilst the account activity wasn't typical for Miss A, I'm not persuaded it represented such a clear scam risk that Monzo ought to have gone against its legal obligation to process the payment and to do so quickly. The points set out in the previous paragraph can't be denied. But I'm not persuaded the characteristics, including the payment value, are so clearly inherently risky that Monzo failed to act fairly.

It is the case that customers will make one-off high value payments from their accounts and that these might go to merchants not commonly – if ever – used. But the vast majority of such payments aren't the result of fraud or a scam. And, with that in mind, I can understand why Monzo didn't identify a scam risk here. I don't find it acted unfairly or unreasonably in processing the payment without questioning it further. The other characteristics of the payments – including the incoming funds and the impact on the balance – don't change my view of this.

I've also thought about whether Monzo acted fairly and reasonably once the scam was reported, and whether there was anything more it could or should have done. I know Miss A doesn't believe Monzo did all it could, especially considering how quickly the scam was reported and the time it took for Monzo to respond to her initially.

One of Miss A's concerns is that, given Monzo didn't get back to her for around 20 hours from her scam report, it missed an opportunity to stop the payments. Miss A believes that the payments would have been pending for at least some of that time.

Miss A is correct here, to an extent. The transactions might well have shown as pending for a time. But that doesn't mean they could have been stopped. Once a card payment is authorised it becomes irreversible and can't be stopped or suspended. So I'm satisfied that there's nothing Monzo could or should have done to stop the payments from leaving Miss A's account. And given the way the international money transfer service works, it's more likely than not the funds sent were paid away to the scammer almost immediately on receipt.

I can't say exactly what actions Monzo took and when. Disappointingly it hasn't provided this service with its case file. That isn't a reason I can use to uphold the complaint and I must still consider what I believe is more likely than not to have happened and the fair and reasonable outcome overall. Having done so, I can't picture a series of events or potential errors, otherwise revealed by the provision of a case file, that would lead to the complaint being upheld and the money Miss A lost refunded. Not when taking account of the core reasons for the complaint not being upheld.

My final decision

I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 14 August 2024.

Ben Murray
Ombudsman