

The complaint

Mr K complains that Monzo Bank Ltd (Monzo) won't refund money he lost in an advance fee scam.

What happened

What Mr K says:

Mr K is a student and was looking to earn extra money to help with living costs. He was approached in August 2023 by someone representing a 'recruitment firm'. He was told about a job he could do from home, and it was flexible. He was told the company works with App developers to help them increase the search of rankings on the app store and improve its ratings. The scammers appeared professional and knowledgeable. Mr K went through the training which appeared professional. The website also looked credible and professional. He was asked to create an account for himself with the company via its website— this is how he was to get paid.

Mr K was told he needed to complete reviews to be able to access his income. He spoke to the firm's representatives over WhatsApp. At first, all went well and Mr K could see his commission building up. But on 30 August 2023, his account went into a negative balance. He was told that was because he had been 'upgraded' and would be given bigger tasks – these would pay more commission. But to qualify, he had to pay off the negative balance; this he did with the first payment.

Mr K watched his commission grow and was told to pay more money each time to pay off negative balances. He was provided with the beneficiary account details each time. He could see the money arrive in his 'account'. But after that, his account kept going into negative balances, which he was told he needed to pay off to continue to earn commission.

Between the end of August 2023 and 7 September 2023, Mr K made the following payments **(continued)**:

Date	Payment	Amount
30 August 2023	Faster payment to scam company	£50
31 August 2023	Faster payment - to named person	£51

1 September 2023	Faster payment - to named person	£42
2 September 2023	Faster payment - to named person	£68
2 September 2023	Faster payment - to named person	£130
3 September 2023	Faster payment - to named person	£422
3 September 2023	Faster payment - to named person	£732
4 September 2023	Faster payment - to named person	£320
4 September 2023	Faster payment - to a limited company	£600
5 September 2023	Faster payment - to named person	£1,390
5 September 2023	Faster payment - to named person	£391
6 September 2023	Faster payment - to named person	£1,100
7 September 2023	Faster payment - to named person	£119
7 September 2023	Faster payment - to named person	£576
7 September 2023	Faster payment - to named person	£1,745
12 September 2023	Faster payment - to named person	£21
Total losses		£7,757

The scam ended when Mr K used up his funds in the online account and couldn't put any more in - as he ran out of money. He asked that he withdraw his funds but this proved impossible – the scammers asked for more money from him to withdraw funds. He refused to do that and he was locked out of his account. He realised he had been scammed and the scammers had spoofed a genuine and reputable company.

As a result of what happened, Mr K has lost his life savings. He suffers from sleepless nights as the thought of the scam and loss of money is always with him. He now struggles to pay the household bills.

Mr K complained to Monzo. He says Monzo had several opportunities to intervene and warn him about the scam. He made 16 high value payments in quick succession which should've triggered Monzo's fraud detection systems – with payments to a new payee. He says there was a rapid depletion of funds; a sudden increase in spending - and these were clear signs of scam taking place. Monzo should've intervened and protected him but didn't. If the bank had, his losses would've been prevented.

Mr K says Monzo should refund the money plus interest at 8% per annum simple, and compensation of £300.

What Monzo said:

- Monzo didn't provide our service with any information – so we have no knowledge of

how the bank responded to Mr K's complaint. But in bringing his complaint to us, he says he was disappointed with the bank's response, so it's likely Monzo declined to refund any money.

- We decided to look into the complaint without the input from Monzo, as we can do that under our rules.

Our investigation so far:

Mr K brought his complaint to us. Our investigator didn't uphold it. He said:

- The payments weren't unusual or suspicious.
- The payments weren't high enough in value to have expected Monzo to intervene.
- Mr K had made some high value payments before, so the payments weren't sufficiently out of character. This included one for £1,000 in July 2023.

Mr K didn't agree. He said there was a clear pattern of fraud developing – over a short period of time. And the payment of £600 on 4 September 2023 was to a limited company known to be associated with scams – so Monzo should've intervened at least from that point.

Mr K asked that an ombudsman look at his complaint, and so it has come to me to make 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.

I'm sorry to hear that Mr K has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr K didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr K when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. That is because it applies to faster payments made to another UK beneficiary – and in this case, the payments were made to Mr K's own account – the account in his name.

The first consideration here is: if the payments were of a sufficient size and were out of character with how Mr K normally used his account – then I need to consider whether Monzo should have intervened and spoken to him.

I looked at Mr K's account, and it's fair to say that the payments were unusual – he used his account to make day to day expenditures of low value. Most payments were well below £50. As our investigator said, there was one payment for £1,000 in July 2023, but of itself I don't think it's reasonable to say that showed that Mr K made frequent, large value payments.

But – other than that, there's a balance to be made; Monzo has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. And here – all the payments were for relatively low amounts.

Therefore, in this case, I think Monzo acted reasonably in processing those payments – I don't think that I could reasonably say that Monzo should have stopped the payments for further checks.

I accept that Mr K made total payments of more than £7,000 in a week; but individually, the payments were of such a low value that I don't think it's reasonable to have expected Monzo to intervene.

What that means is that Monzo wouldn't have needed to look at the payment for £600; or therefore considered that it may have been suspicious for the reasons Mr K argues.

Recovery

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Monzo took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money. Because we didn't receive any information from Monzo, I don't have any evidence if a recovery was attempted.

I note that Mr K complained to Monzo on 17 October 2023 – almost six weeks after the payments were made. I need to form a view on the likelihood of any recovery had Monzo tried to get the funds back. And here, it's in the nature of such scams that the funds are removed within hours (or even minutes) – so my view is that any recovery attempt was unlikely to have been successful in any case.

Mr K has lost a lot of money. I understand why the money was important to him, and the impact his losses have had. He will therefore be disappointed by my decision, but I'm not going to ask Monzo to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 May 2024.

Martin Lord
Ombudsman