

## The complaint

Mr F complains about Monzo Bank Ltd.

He says that Monzo didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost.

## What happened

The details of what happened are well known to all parties, so I won't repeat them here.

In summary, Mr F came across an advert on Facebook for investing in cryptocurrency. Mr F was impressed with the seemingly professional nature of the company and registered his interest.

Everything seemed to be going as planned, but when Mr F asked to withdraw his money, the agent he was dealing with became distant after previously being communicative and supportive – and Mr F realised he had been the victim of a scam.

By this time, Mr F had made the following payments.

Date	Payee	Payment type	Amount
10/06/2023	Coinbase	Debit card	£250
11/06/2023	Coinbase	Debit card	£750
12/06/2023	Banxa	Debit card	£150
12/06/2023	Banxa	Debit card	£950
13/06/2023	Banxa	Debit card	£600
14/06/2023	Banxa	Debit card	£1,000
15/06/2023	Private individual	Faster payment	£100
15/06/2023	Private individual	Faster payment	£900
16/06/2023	Banxa	Debit card	£100
19/06/2023	Banxa	Debit card	£520
21/06/2023	Banxa	Debit card	£450
23/06/2023	Banxa	Debit card	£463
		<b>Total</b>	<b>£6,233</b>

Mr F complained to Monzo about what had happened – he said that it hadn't done enough to protect him. But it didn't uphold his complaint.

Unhappy, he brought his complaint to this Service and our Investigator looked into things. Initially, they thought that the complaint should be upheld – but then Monzo provided information which changed the Investigators opinion.

Mr F asked for a final decision, so the complaint has been passed to me.

## 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 decided not to uphold Mr F's complaint for broadly the same reasons as our Investigator. I know this will be disappointing for Mr F, so I'll explain why.

It isn't in dispute here that Mr F has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In broad terms, the starting position at law is that banks, electronic money institutions (EMI's) and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr F authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Monzo should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having 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 made 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.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr F when he authorised payments from his account or whether it could and should have done more before processing the payments.

Having considered the payments Mr F has made, I'm afraid I don't think that any of the payments Mr F made were significantly unusual or uncharacteristic enough for Monzo to have first got in touch with him before processing the payments on his request.

I know that Mr F and his representatives say that the payments are unusual considering the spending pattern on Mr F's account. They also say that Mr F set up three new payees within five days, and that two of the payees were known crypto exchanges, and that the account activity spiked during the duration of the scam. So Monzo should have had concerns about

what was happening.

But as I've explained above, there is a balance to be struck – and it is not reasonable for Monzo to be involved in every transaction a customer makes. And I don't consider the amount or frequency of these payments to be high enough for Monzo to have had concerns that Mr F was at risk of financial harm. And while I understand that some of the payments were going to a crypto exchange, not every payment made to crypto is as a result of a scam.

I have also considered if Mr F could be entitled to a refund of any of the payments he made under the Contingent Reimbursement Model (CRM) code. However, I don't think that the payments he has made are covered by the CRM code.

The code does not extend to payments made by debit card – and although Mr F did make two faster payments as part of the scam, I don't think that the CRM code applies here either.

Mr F has explained that on one day, the platform had gone down, and so he was asked to send money directly to an individual who would purchase cryptocurrency on his behalf. Mr F agreed to this and saw the funds on the dashboard he was using.

However, as per the CRM code – '*DS2 (2) This code does not apply to:*

*(b) private civil disputes, such as where a customer had paid a legitimate supplier for goods, services, or digital content but had not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier'*

So, the CRM code does not apply to these payments either.

I am very sorry for the situation Mr F now finds himself in – I know he has lost a lot of money as a result of a cruel scam and is anxious and worried about what has happened. But the loss is the fault of the scammer themselves, and I can't ask Monzo to refund Mr F when I don't think that it has done anything wrong.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 28 June 2024.

Claire Pugh  
**Ombudsman**